

**F. No. 6/08/2023-DGTR**  
**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**

**Date: 7 August, 2024**

**Final Findings**  
**Case No. ADD (O.I.) 08/2023**

**Subject: Anti-dumping investigation concerning imports of "Sulphur Black" originating in or exported from China PR.**

**A. BACKGROUND OF THE CASE**

**F. No. 6/08/2023-DGTR – Having regard to the Custom Tariff Act, 1975, as amended from time to time (hereinafter referred to as “the Act”) and the Custom Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as “the Rules”) thereof;**

1. Atul Limited (hereinafter referred to as the “domestic industry” or “applicant”) filed an application before the Designated Authority (hereinafter referred to as the “Authority”) in accordance with Customs Tariff Act, 1975 and the Anti-Dumping Rules, 1995 as amended from time to time for the initiation of an anti-dumping investigation concerning imports of “Sulphur Black” (hereinafter referred to as the “product under consideration” or “PUC” or the “subject goods”) from China PR (hereinafter referred to as the “subject country”).
2. The Authority, on the basis of *prima-facie* evidence submitted by the applicant, issued a public notice vide Notification No. 6/08/2023-DGTR dated 20th September 2023, published in the Gazette of India, Extraordinary, initiating the subject investigation in accordance with the Section 9A of the Act read with Rule 5 of the Rules to determine existence, degree and effect of the alleged dumping 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 alleged injury to the domestic injury.

**B. PROCEDURE**

3. The procedure described below has been followed with regard to the investigation:

- a. The Authority notified the embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5.
- b. The Authority issued a Notification dated 20th September 2023 published in the Gazette of India Extraordinary, initiating the anti-dumping investigation concerning imports of product under consideration from the subject country.
- c. The Authority sent a copy of the initiation notification dated 20<sup>th</sup> September 2023 to the embassy of the subject country in India, the known producers and exporters from the subject country, known importers and users in India, and other interested parties, as per the email address made available by the domestic industry.
- d. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the embassy of the subject country in India in accordance with Rule 6(3) of the Rules.
- e. The embassy of the subject country in India was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit.
- f. The Authority sent exporter's questionnaire to the following known producers/exporters in China PR in accordance with Rule 6(4) of the Rules:

SN	Name of producers/exporters in the subject country
i.	Dalian Dyechem International Corporation
ii.	Hebei Fuxin International Trade Co., Ltd.
iii.	Hebei Zhaoxian
iv.	Jiangxi Yaran Technology Co., Ltd.
v.	Qingdao Langke Co Ltd
vi.	Qingdao Tongli United Co., Ltd.
vii.	Shanxi Linfen Dyeing Chemicals
viii.	Shanxi Linfen Dyeing Chemicals Co. Ltd.
ix.	Shanxi Yingchang
x.	Shijiazhuang He Dye Chem Co. Ltd.
xi.	Shijiazhuang Tenghui Chemical.
xii.	Sunny Chemical Co Limited
xiii.	Zhejiang Runtu Co. Ltd.

- g. In response to the above, the following producers/exporters from China PR have responded and filed exporter's questionnaire response:

SN	Name of producers/exporters in the subject country
i.	Dalian Dyechem International Corporation (hereinafter "Dyechem")
ii.	Shandong Dyeryarn Ecochem Co, Limited (hereinafter "Shandong Ecochem")

- h. The Authority also sent a copy of the initiation notification to the following known importers/users of the product under consideration in India calling necessary information in accordance with Rule 6(4) of the Rules.

SN	Name of users/importers of the product under consideration in India
i.	Asiatic Colour-Chem IND. Ltd.
ii.	Bhanu Dyes Pvt. Ltd.
iii.	Colorbox Exim Pvt. Ltd.
iv.	Mamta Tex Dyes Pvt Ltd
v.	N S Exports
vi.	Shankar Lal Rampal Dye Chem Ltd
vii.	Sulfast Chemical Industries
viii.	Sumotex Corporation
ix.	Syntho Pharma Chemicals
x.	Wagheshwari Enterprises

- i. None of the importers and users have submitted a response to the questionnaire issued by the Authority or filed legal submissions.
- j. Foreign producers, exporters and other interested parties who have not responded to the Authority, or have not supplied information relevant to this investigation, have been treated as non-cooperative.
- k. The Authority issued an Economic Interest Questionnaire to all the known producers and exporters, importers, and the domestic industry. The economic interest questionnaire was also shared with the administrative line ministry. An economic interest questionnaire was filed only by the domestic industry. None of the other interested parties have filed an economic interest questionnaire.
- l. The Authority invited comments on the proposal of the Product Control Number (PCN) for a fair comparison of the product under consideration in the initiation notification dated 20th September 2023. The Authority thereafter held a meeting on 9<sup>th</sup> November 2023.
- m. After considering the arguments made by the interested parties in the virtual meeting and the written comments filed thereafter, the Authority notified that no PCN methodology is required in the present investigation.
- n. The Authority made available the non-confidential version of the submissions made by the interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.
- o. The applicant had proposed January 2022 to December 2022 as a period of investigation. However, the period of investigation (POI) considered was 1st April 2022 to 31st March 2023 (12 months). The injury analysis period covers 1st April 2019 to 31st March 2020, 1st April 2020 to 31st March 2021, 1st April 2021 to 31st March 2022 and the period of investigation.

- p. The non-injurious price (hereinafter referred to as the 'NIP') has been determined based on the cost of production and reasonable return on capital employed for the subject goods in India, based on the information furnished by the Domestic Industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether anti-dumping duties lower than the dumping margin would be sufficient to remove injury to the Domestic Industry.
- q. The information/data submitted by the domestic industry and the interested parties has been verified to the extent deemed necessary and relied upon for this final finding.
- r. In accordance with Rule 6(6) of the Rules, the Authority provided an opportunity for the interested parties to present their views orally in a public hearing held on 6<sup>th</sup> February 2024 in hybrid mode. The parties who presented their views in the oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any.
- s. The information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential versions of the information filed on a confidential basis.
- t. Wherever an interested party has refused access to or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the present final finding on the basis of the facts available.
- u. The transaction-wise import data for the POI and the preceding three years was procured from the DG Systems Transaction-wise data. The Authority has relied upon data from DG Systems for calculating the volume and value of imports of the subject goods in India.
- v. The Authority has considered all the arguments raised and information provided by all the interested parties to the extent the same is supported with evidence and considered relevant to the present investigation.
- w. The Authority circulated the disclosure statement containing all essential facts to all interested parties on 25<sup>th</sup> July 2024. The comments on disclosure statements received from the interested parties have been considered, to the extent found relevant, in the final findings.
- x. “\*\*\*\*” in this final finding represents information furnished by an interested party on a confidential basis and so considered by the Authority under the Rules.
- y. The exchange rate adopted by the Authority for the subject investigation is 1 US\$=Rs.81.06.

## **C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

### **C.1 Submission of the other interested parties.**

4. The opposing interested parties have not made any submission with regard to the scope of the product under consideration and like the article.

### **C.2. Submission of the domestic industry.**

5. The domestic industry has submitted as follows with regards to the scope of the product under consideration and like article:
  - a. The product under consideration in the present application is sulphur black which is used for dyeing cellulose fiber, viscose staple fiber and yarn. The product is produced either in powder form or in a liquid form.
  - b. The product is also produced in various grades. These strengths are described as BR 100, BR 200, BR 220, BR 240 etc. The standard concentration is BR 220.
  - c. The product under consideration is classified under HS Code 32041967. Despite having a dedicated code, imports are happening under various other sub-headings as well. The applicant requests the Authority to kindly recommend duties at the 4-digit level, i.e., 3204.
  - d. In the case of Ajanta Pvt. Ltd. vs UOI, the Gujarat High Court noted that anti-dumping duty cannot be charged unless all HSN codes are covered in the duty table.
  - e. The product produced by the domestic industry is commercially and technically substitutable to the product imported from the subject country and hence, like article to the imported product.

### **C.3. Examination by the Authority**

6. At the stage of initiation, the product under consideration was defined as follows:

*“3. The product under consideration is "Sulphur Black" originating in or exported from China PR. Sulphur Black mainly used for dyeing cellulose fiber, viscose staple fiber and yam. It is produced either in a powder form or in a liquid form. Regardless of the form it is produced in, it can be easily converted from one form to another without significant additional costs. The product under consideration is also produced in various strengths. These strengths are described as BR 100, BR 200, BR 220, BR 240, etc. BR 220 is designated as standard strength. Though the product is produced in various strengths, they can be interchangeably used.*

*4. Sulphur Black is primarily used for dyeing cellulose fiber. It is also used for dyeing viscose staple fiber and yam, paper and leather. The primary application of the product under consideration is, hence, in the textile, paper and leather sectors.*

*5. The product under consideration is being imported from the subject country under HS code 32041967 of Chapter 32 of the First Schedule to the Customs Tariff Act, 1975. However, the applicant claims that imports of the PUC have also taken place in other sub-headings as well, i.e., 32041196, 32041218, 32041911, 32041925,*

*32041958, 32041964, 32041979 and 32049000. The custom classification is only indicative and the same is not binding on the scope of the investigation.*

7. The product under consideration in the present investigation is “Sulphur black”. It is mainly used for dyeing cellulose fiber, viscose staple fiber and yarn. Its primary usage is in the textile, paper and leather industries. The product is produced in either liquid or powdered form. Regardless of the form it is produced in, the product is easily converted from one form to another without incurring significant additional cost. The Authority concludes that the product under consideration is same as defined in the initiation notification.
8. The Authority has examined the DG System’s Transaction wise data and found that the product under consideration is classified under Chapter 32 under HS Codes 32041967. However, the product under consideration has also been imported under 32041196, 32041911, 32041958, 32041969, 32049000, 32041218, 32041979, 32041964 and 32041925. It is also noted that the customs classification is indicative only and is in no way binding on the scope of the subject investigation.
9. The Authority had, in the initiation notification, invited comments on the need for PCN methodology from all interested parties. The Authority, based on the comments from the interested parties, did not find a requirement to devise a PCN methodology for the present investigation. Since the product under consideration is produced in various concentrations such as BR 100, BR 200, BR 220, BR 240 etc., the Authority directed the interested parties to provide information based on both actual and equivalent grade i.e., BR 220.
10. The Authority notes that the products produced by the domestic industry are comparable to the imported goods from the subject country in terms of chemical characteristics, product specifications, technical specifications, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. Accordingly, the Authority holds that the products produced by the domestic industry are ‘like article’ to the product imported from the subject country in terms of Rule 2(d) of the Rules.

#### **D. SCOPE OF DOMESTIC INDUSTRY AND STANDING**

##### **D.1 Submission made by the other interested parties**

11. The opposing interested parties have submitted as follows with regard to the scope of the domestic industry and standing:
  - a. Supporters failed to comply with the Trade Notice 13/2018 as they were required to file a complete response. Further, they need to express support for the application as required under Trade Notice 13/2018.

**D.2. Submission made by the domestic industry**

12. The domestic industry has submitted as follows with regard to the scope of the domestic industry and standing:
  - a. The present application has been filed by Atul Limited.
  - b. Apco Dye Chem, Bhanu Dyes Pvt. Ltd., Khekra Chemical & Allied Products, Maulik Dyechem, Nitin Industries and V.S. Apparels have supported the application filed by the domestic industry.
  - c. The applicant alone constitutes \*\*\*% of the total domestic production. When considered with supporters, their share is \*\*\*%. The applicant satisfies the requirements of Rule 2(b) and Rule 5 of the Rules.
  - d. The Authority has in the past considered domestic producers as supporters even when they had not filed detailed requirements Trade Notice 13/2018. Information regarding capacity, production and sales has been found sufficient. Reference placed on sunset review investigation on imports of 'Hydrogen Peroxide' from Bangladesh and Thailand.

**D.3. Examination by the Authority**

13. The submissions made by the interested parties and domestic industry concerning standing and scope of the domestic industry have been examined and addressed hereunder:

Rule 2(b) of the Anti-Dumping Rules defines domestic industry as under:

*"(b) "domestic industry" means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term 'domestic industry' may be constructed as referring to the rest of the producers".*

14. The application has been filed by M/s Atul Limited. The applicant provided a list of nine other producers of the product under consideration in India. The Authority notes that the production of the applicant alone constitutes \*\*\*% of the total Indian production of the like article in India.
15. The Authority has received support letters from other producers namely, Apco Dye Chem, Khekra Chemicals & Allied Products, Maulik Dye Chem, Nitin Industries, V.S Apparels and Mahadev Dyes & Chemicals. Bhanu Dyes Pvt. Ltd. has also supported the application. However, the producer is also engaged in the import of the product under consideration.

16. The support letters filed by these producers include information on their capacity, production, and domestic sales. The opposing interested parties have contended that the support letters filed by the supporters may be disregarded on account of violation of Trade Notice 13/2018. The Authority notes that Trade Notices 13/2018 has been replaced by Trade Notice 4/2021 dated 16<sup>th</sup> June 2021 allowing the supporters to express support with limited information concerning capacity, production, and sales. Therefore, the Authority has considered the support expressed by other producers in the present investigation. Together with the supporters, the domestic industry accounts for about \*\*\*% of the total domestic production.
17. The applicant is not related to any importer in India or exporter of the subject goods in the subject country and has not imported the subject goods from the subject country during the POI. The applicant accounts for a major proportion of the total Indian production with or without the support of other Indian producers.
18. Therefore, having regard to the information on record, the Authority holds that Atul Limited constitutes 'domestic industry' within the meaning of Rule 2(b) of the Rules and considers that the application satisfies the criteria of standing in terms of Rule 5 of the Rules.

## **E. CONFIDENTIALITY**

### **E.1. Submission made by the other interested parties**

19. The opposing interested parties have submitted as follows concerning confidentiality:
  - a. Claims of the applicant with regards to excessive confidentiality on the manufacturing process, list of products produced by opposing producer, channel of distribution, financial system and export adjustment are baseless allegations. The opposing parties have provided all the necessary information.
  - b. The manufacturing process is business sensitive information and hence claimed confidential in a non-confidential version.
  - c. Shandong Ecochem does have a product brochure and the same is communicated in the response.
  - d. Shandong Ecochem channel of marketing and distribution for domestic and exports, financial accounting system and list of export price adjustments are business sensitive information and therefore have not been disclosed in the non-confidential version.
  - e. Shandong Ecochem responded that there are no related companies involved in the production or sales of the subject goods or the supply of inputs used in the production of subject goods during the POI.

### **E.2. Submission made by the domestic industry.**

20. The domestic industry has submitted as follows concerning confidentiality:

- a. Shandong Ecochem has not disclosed the export price adjustment, channel of distribution and financial accounting system, which has significantly affected the domestic industry's ability to protect its interests.
- b. Chinese producer and exporter failed to comply with the requirements of Trade Notice 10/2018 as information such as production process and related party information has been claimed confidential.

**E.3. Examination by the Authority**

21. The Authority made available the non-confidential version of the information provided by the various parties to all the other interested parties as per Rule 6(7).
22. With regard to confidentiality of information, Rule 7 of Anti-dumping Rules provides as follows:

*"Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (4) of rule 6, sub-rule(2) of rule 12, sub-rule(4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.*

*(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.*

*(3) Notwithstanding anything contained in sub-rule (1), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in a generalized or summary form, it may disregard such information. "*

23. The submissions made by the domestic industry and the opposing interested parties concerning confidentiality, to the extent considered relevant were examined by the Authority and addressed accordingly. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential versions of the information filed on a confidential basis. The Authority also notes that all the interested parties have claimed their business-related sensitive information as confidential.

**F. MISCELLANEOUS SUBMISSION****F.1. Submissions made by opposing interested parties.**

24. The miscellaneous submissions made by opposing interested parties are as follows:
- a. The applicant is a habitual user of the trade remedy measures. They have already enjoyed the benefit of anti-dumping duty for more than 10 years. The Authority has provided enough protection to the domestic industry.
  - b. The applicant has deliberately selected a period which shows a negative or adverse trend to file the application, and it is evident that they withdrew the previous petition at the stage of disclosure statement as they got to know the negative injury margin of the participating producer/exporter.
  - c. The applicant is majorly selling the product to the denim industry and as per the annual report, the sales of Sulphur black are affected due to high inflation in textile importing countries and a high level of inventory across the textile value chain.
  - d. 2022-23 annual report stated a fire accident took place, and the applicant had a loss of Rs. 32 cr. This could be in the plant related to the product under consideration. The Authority may verify.
  - e. Chinese Sulphur black producers offer higher quality products and standards that meet the environmental protection requirements for textiles in Europe and America. Subject imports meet these standards. The applicant is unable to meet the standard. The imposition of duties would make it difficult for the downstream industry to produce textiles and export to Western countries.
  - f. Some Chinese exporters engage in dumping practices, cooperating with producers/exporters focused on product quality, technology upgrades, and cost reduction. Imposing anti-dumping duties could restrict access to these high-quality products.
  - g. The conclusion drawn by the domestic industry on the performance parameter of the cooperating producer/exporter is based on indexed numbers, not on actual numbers.
  - h. The index of sales quantity is wrong based on the NCV of Shandong Ecochem response. The domestic sales have increased more than the export sales including India and other countries during POI.
  - i. Exports to India constitute only 3% of the total sales of the company. Indian market is not a major focus of Shandong Ecochem.
  - j. The other Chinese producers are exporting BR 240 at a price lower than BR 200 sold by Dyechem and Shandong Ecochem in India. Shandong Ecochem has never dumped the product in the Indian market during the POI.
  - k. Imports of subject goods from China have surged post the removal of anti-dumping duties, with India's increased domestic demand. This reflects the globalized trade system where countries exchange products freely. Closed markets lead to monopolies, which slow down innovation and increase costs. The advancements in production technology and raw material cost of DI Nitro Chloro Benzene (DNCB) have lowered the costs and high quality, making sales profitable despite potential price drops.

**F.2. Submissions made by domestic industry.**

25. The miscellaneous submissions made by domestic industry are as follows:
- a. There are no restrictions on the number of times the domestic industry can seek redressal against unfair imports. Further, in all previous investigations, only after elaborate investigations, the Authority recommended anti-dumping duties. It's not the domestic industry but the foreign producers who are habitually exporting the product under consideration at dumped prices.
  - b. The domestic industry manufactures more than 1300 products, and alone color division has 17 different products. If the domestic industry was a habitual user of the anti-dumping investigation, it would have sought trade remedial measures on other products as well.
  - c. The previous application was withdrawn by the domestic industry because there was significant price undercutting, dumping and injury margin in the subsequent period and the quantum of duty shall be decided based on dumping margin and injury margin of the present investigation. The same has been recorded by the Authority in the termination notification.
  - d. The Chinese producers are habitual dumpers and have no concern about the injury suffered by the domestic industry due to their behavior.
  - e. The application filed with the POI 2021-22, claimed a 70-80% dumping margin which has now increased to around 90-100% in the present POI. This significant dumping margin is causing severe harm to the Indian industry.
  - f. The domestic industry is simply seeking correction of the unfair practices. If the foreign producers were selling the product under consideration at a fair price, the domestic producers would not need to approach the Designated Authority to seek remedial action.
  - g. The statements made in the annual report are in the context that the domestic industry has anticipated higher demand in the domestic and global markets.
  - h. Public statements in the annual report do not alter the conclusion that dumping of the product has contributed to injury to the domestic industry. The statements in the annual reports are about the company's overall operations.
  - i. Shandong Ecochem export sales to India increased in the POI whereas their domestic sales declined, showcasing the producer is export-oriented. Further, exports to other countries declined whereas exports to India increased.
  - j. Despite an increase in the domestic price by Shandong Ecochem from China PR. The export price to India has slightly decreased. The price to other countries has seen a significant increase.

**F.3. Examination by the Authority**

26. As regards the contention that the domestic industry is a habitual user of trade remedy measures and has enjoyed the benefits of the anti-dumping duty almost for a period of 10 years, the Authority notes that there is no bar on the number of times domestic industry can seek redressal from unfair trade practices of the foreign producers/exporters or no bar on the number of times anti-dumping duty can be imposed. The recommendations for the

imposition of anti-dumping duty are made only after investigation by the Authority and when the requisite legal requirements are met.

27. The Authority examined the submission of opposing interested parties that the domestic industry withdrew the previous application. It is seen that the withdrawal of the previous application has no relevance in the present investigation as the POI in the present investigation is different from the previous investigation. Additionally, the Authority terminated the previous investigation at the request of the applicant on the grounds of significant price undercutting, dumping and injury margin in subsequent periods.
28. The contention raised by opposing interested parties that Chinese producer offers a higher quality of subject goods, the Authority notes that none of the opposing parties has submitted any empirical information and failed to provide evidence to substantiate their claims. Since none of the users have participated in the present investigation to show the evidence that imported product offer higher quality, the Authority cannot verify the authenticity of such claims.
29. As regards the fire incident that took place in 2022-23 at the plant of the domestic industry and suffered a loss of Rs 32 Crores, after cross-verifying the information provided by the domestic industry, the Authority noted that the fire took place at the plant of non-product under consideration. Therefore, any loss or injury suffered is not attributed to the PUC.
30. The interested parties have contended that the sales of the sulphur black are affected due to high inflation in textile importing countries and high level of inventory across the textile value chain as stated in the annual report. The Authority notes that the colour divisions include other products such as VAT Dyes, Reactive Dyes, Direct Dyes, Synthetic Food Colors, Bulk Chemicals, Organic High-performance pigments etc. Further, the annual report is of the company as a whole and not solely for the product under consideration. Therefore, the statements made in annual reports cannot be relied on for the present investigation.

## **G. NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN**

### **G.1. Submissions made by other interested parties.**

31. The opposing interested parties have made the following submissions concerning normal value, export price and dumping margin:
  - a. There are no provisions to consider China as a non-market economy as the Protocol of Accession of WTO ended on 11th December 2016.
  - b. Shandong Ecochem is a private company in China and operates completely according to the rules of the market economy, and market status should be recognized.
  - c. Shandong Ecochem and Dyechem have not dumped the product under consideration in the Indian market and are always supplied to domestic and worldwide users based on their costs.

- d. Shandong Ecochem and Dyechem have cooperated in all anti-dumping investigations. However, due to other exporters underselling behaviors, the responding producer and exporter are suffering.
- e. Dyechem have a history of exporting sulphur black to India for many years. In addition to supplying in the domestic market, the product has been also exported to more than 40 countries in the world. The selling price of opposing parties are all based on actual costs and their sales are profitable.
- f. Shandong Ecochem has not directly exported the subject goods to India. It has exported through Dyechem during the POI. Dyechem is only an exporter and is not engaged in the production of the subject goods.
- g. Shandong Ecochem clearly responded that there are no related companies involved in the production or sales of the subject goods or the supply of inputs used in the production of subject goods during the POI.
- h. Dyechem has already clarified that it is only a trading company. Its parent company Dalian Green Peak Chemicals Co., Ltd. has stopped the production of the subject goods a long time ago. However, it still a producer, producing Chloropicrin.

### **G.2. Submission made by the domestic industry.**

32. The domestic industry party has made the following submissions with regard to normal value, export price and dumping margin:
  - a. China is treated as a non-market economy by virtue of Article 15 of the Accession Protocol. As per Article 15(d), only Article 15(a)(II) shall expire on 11th December 2016 and not Article 15(a)(I). Therefore, the Authority can only consider domestic prices or costs in China if the producers under investigation can clearly show that market economy conditions prevail.
  - b. Rule 7 of Annexure I of the AD Rules has an internal hierarchy and normal value determined on the basis of price in a market economy third country is the first option. Normal value should be determined on the basis of imports of the product under consideration into Türkiye.
  - c. Türkiye is the major consumer of the subject goods. The domestic industry has significantly exported the subject goods to Türkiye. The exports made by the applicant are in the ordinary course of trade and prices are above the cost of sales. The products sold in Türkiye are comparable to the imported product.
  - d. The Authority in the anti-dumping investigation on imports of 'Peroxisulphates (Persulphates)' from China PR and USA (September 2021), found Türkiye to be a surrogate market economy to China PR. and is comparable to China PR in the level of economy and development.
  - e. Shandong Ecochem failed to provide a response to the MET questionnaire. Hence, the normal value should not be calculated on their domestic sales.
  - f. Unless the producers/exporters from China PR establish their cost and prices are reliable, their domestic costs and prices cannot be accepted for the purpose of determination of normal value.

### **G.3. Examination by the Authority**

33. Under section 9A (1)(c), normal value in relation to an article means:
- i. *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*
  - ii. *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 from 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 along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);*
34. The Authority notes that the following producers and exporters of the subject goods have filed exporters questionnaire response-
- i. Shandong Dyeriyarn Ecochem Co., Ltd.
  - ii. Dalian Dyechem International Corporation

### **G.3.1 Normal value and Export price for China PR**

#### **The normal value for China PR**

35. Article 15 of China's Accession Protocol in WTO provides as follows:

*"Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:*

*(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*

*(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*

*(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China PR if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*

*(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

*(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.*

*(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provision of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector."*

36. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status.
37. As none of the producers/exporters from China PR have claimed normal value on the basis of their own data/information, the normal value has been determined in accordance with para 7 of Annexure 1 of the Rules which reads as under.

*"7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be*

*selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.*

38. Para 7 lays down a hierarchy for the determination of normal value and provides that normal value shall be determined on the basis of price or constructed value in a market economy third country, or the price from such a third country to any other country, including India, or where it is not possible, on any reasonable basis, including the price actually paid or payable in India for the like article, duly adjusted, if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Para 7.
39. The Authority also notes the existing jurisprudence on constructing the normal value in the case of a non-market economy contained in the various judgements. These judgements provide directions regarding the implementation of Para 7 of Annexure I of the Rules concerning the choice of an appropriate option, and associated obligations thereof.
40. At the stage of application, the domestic industry claimed normal value based on the price in a market economy third country. The domestic industry considered imports into Türkiye as the prevailing prices of such goods in Türkiye to determine the normal value. However, an analysis of the DG System transaction-wise import data into India shows that the product is traded in different concentrations at which the product has been imported.
41. Further, where the normal value is determined on the basis of price prevailing in a market economy third country, the Authority is required to examine the level of development of the country concerned and the product under consideration. In this regard, the domestic industry has not provided any information for considering Türkiye as an appropriate market economy third country to China. Therefore, the Authority has decided to determine the normal value based on the price actually paid or payable in India. For this purpose, the Authority considered the optimized cost of production of the domestic industry, with a reasonable addition of selling, general and administrative expenses and profits.

### **Export price**

42. Shandong Dyeriyarn Ecochem Co., Ltd., a producer of the subject goods in China PR, has filed a complete questionnaire response. Shandong Dyeriyarn Ecochem Co., Ltd. has

not exported the subject goods to India directly. Their exports to India have been made through an unrelated exporter namely Dalian Dyechem International Corporation. Dalian Dyechem International Corporation too has participated in the present investigation and has provided the relevant details to the Authority in the prescribed formats.

43. During the POI, Shandong Ecochem has exported \*\*\* MT of the subject goods of invoice value \*\*\* US\$ to India. It is noted that \*\*\*% of the subject goods have been exported to India indirectly through cooperating with unrelated exporter namely, Dyechem.
44. The producer and exporter have claimed adjustment on account of ocean freight, insurance, inland transportation and other related expenses, credit cost, bank charges, and the same has been allowed by the Authority after undertaking desk verification. Accordingly, export price at ex-factory level for Shandong Ecochem has been determined and the same is shown in the Dumping Margin table.

### **Other producers**

#### **Determination of net export price**

45. The net export price for non-cooperative producers/ exporters from China PR has been determined based on facts available in terms of Rule 6(8) of the Rules. The net export price so determined is mentioned in the dumping margin table below.

#### **Dumping margin**

46. Considering the normal value and the export price determined as explained above, the dumping margin is calculated and shown below. It is seen that the dumping margin for is positive.

SN	Particulars	Normal Value	Net Export Price	Dumping Margin	Dumping Margin	Range
		USD/MT	USD/MT	USD/MT	%	%
1	Shandong Dyeriyarn Ecochem Co., Ltd.	***	***	***	***	50-60
2	Any other producer	***	***	***	***	60-70

## **H. EXAMINATION OF INJURY AND CAUSAL LINK**

### **H.1. Submissions made by other interested parties**

47. The opposing interested parties have made the following submissions with regard to injury and causal link:

- a. The applicant has exaggerated the increase in imports and invented injury. The claims of the domestic industry are contrary to the published information and appear to be fabricated to show injury to the Indian producers.
- b. The applicant has increased its capacity in 2020-21 and 2021-22. Capacity utilization declined in 2020-21, however, increased in 2021-22 and declined in the POI.
- c. The applicant has not been able to stabilize the cost incurred in setting up a new plant.
- d. Consideration of return of 22% for determination of non-injurious price is not appropriate due to debt portion of capital employed which attracts about 10% to 12% interest rate. Allowing such a high return during an era of global recession is incorrect.
- e. Reliance placed on Bridge Stone Tyre Manufacturing & others vs. Designated Authority and Hyosung Corporation vs. Designated Authority wherein it was held that adoption of 22% return has coloured the injury determination.
- f. The European Union follows the practice of considering the return earned by domestic industry during the part of the injury period in which dumped imports did not have a negative impact on the domestic industry.
- g. In the case of EFMA vs. Council, the Court held that the target price should be limited to the profit margin which the industry could reasonably count on in the absence of injury.
- h. The applicant is suffering from injury due to other reasons which may include internal problems, depressed market conditions globally, currency devaluation of Indian rupees etc.
- i. Global producer profits decreased due to a slow market and economic conditions. Currently, there's a global shift in textile and apparel industries and in future industry will shift from China to emerging economies like India, Bangladesh, Myanmar, and various South and Southeast Asian nations.
- j. The profits of the applicant are not ideal or have declined because of the overall economic downturn in the world after the COVID-19 epidemic.
- k. The previous duty was revoked in July 2019 and covid 19 epidemic during that period which impacted the performance. Comparison with 2019 will not reflect actual situation and will only show that normal trade is recovering from the depression caused by covid and increase in imports does not imply the existence of dumping and injury.
- l. The previous duty was revoked in July 2019 and Covid 19 spread during that period, which had an adverse impact on the performance during 2020-22. Therefore, comparison with base year will not reflect actual situation. Thus, the market share should be calculated based on the ratio of overall consumption and import volume instead of calculating it from the 2019.
- m. The surge of the subject goods exports to India reflects normal growth following the removal of anti-dumping duties and the substantial expansion of demand over 15 years. Similarly, India's dye exports to China have also seen significant increases.

## **H.2. Submission made by the domestic industry.**

48. The domestic industry party has made the following submissions with regard to injury and causal link:
- a. There is a long history of dumping of the subject goods from the subject country.
  - b. Because of decline in demand in China and surplus capacity with the Chinese producers, the producers/exporters are aggressively dumping the PUC in India.
  - c. Prices of raw materials has increased but the import price of the product under consideration has declined.
  - d. The volume of imports was low during when the anti-dumping duty was in place. Post expiry of anti-dumping duty, the imports have continued to increase throughout the injury period and in POI.
  - e. The surge in 2020-21 can be attributed to COVID-19 lockdowns in India and China PR. The consistent import volume in 2021-22 is also influenced by the impact of COVID-19. However, during the POI, imports significantly rose, nearly reaching eight times the volume compared to the base year.
  - f. Demand for the product under consideration has increased in the POI. However, the surge in imports from the subject country has surpassed the growth of the demand in India.
  - g. Imports increased in absolute term as well as in relation to Indian production.
  - h. Considering the minimal change in raw materials, the landed price of imports was at least Rs 14,000 below the expected price.
  - i. Despite the increase in costs, import prices declined and further deteriorated during the POI. As a result, the import price was at least Rs 43,000 lower than it should have been.
  - j. Considering the raw materials costs and import price in base year, the landed price of imports should have been around Rs. 2,20,000 MT. However, the landed price of imports was Rs. 174,000 MT.
  - k. The subject imports are undercutting the prices of the domestic industry.
  - l. The imports from the subject country are suppressing the prices of the domestic industry.
  - m. The difference between the landed price and variable cost gradually declined in the injury period and during the POI, the landed price was below the variable cost of the domestic industry.
  - n. If the domestic industry sells at the import price, it will suffer losses even at normated cost of production and financial losses would be worsen.
  - o. Market share of the domestic industry and other Indian producers has declined, whereas the market share of the imports from the subject country has increased in the POI.
  - p. Market share of Indian industry has a whole has declined in the POI. While the industry has the capacity to cater the entire demand in the country, the imports cater close to \*\*\*% of the demand.
  - q. In view of expanding business in the export market and to cater to the domestic demand, the domestic industry capacities increased.
  - r. Despite the increase in demand and capacity, the domestic industry capacity utilization, production and domestic sales declined in the POI.

- s. The average inventories of the domestic industry were highest in the POI.
- t. With the increase in imports in the injury period, the profits of the domestic industry declined. The dumped imports have significantly impacted the profits of the domestic industry resulting in financial losses.
- u. The overall performance of the domestic industry severely deteriorated. The profits of the domestic industry have declined in the POI and turned into losses. PBIT and PBDIT have declined in the POI.
- v. Low priced imports have affected the ability to raise capital investment of the domestic industry and their ability severely impacted.
- w. Despite domestic industry capacity expansion, the return of investment declined during the injury period and in the POI. The domestic industry recorded the lowest return on investment during the POI, which has even fallen below the prevailing bank rate.
- x. The domestic industry recorded negative growth in terms of volume and price parameters.
- y. The dumping margin is above the *de-minimis* level and significant.
- z. In the original investigation, the domestic industry did not experience injury across various parameters. However, in the present investigation, the domestic industry suffered from injury even on those parameters which were previously unaffected.
- aa. The import price to India has not increased to the same extent as the increase in import prices to other countries.
- bb. The interested parties have failed to provide substantive evidence to support their claims on invented injury by the domestic industry.
- cc. There are no multiple capacity expansions. The new plant started commercial production in March 2022. Production stopped at the old plant in February 2022. Therefore, the year 2021-22 shows some increase in capacity on account of 1 month of operation of new plant and complete increase in capacity in 2022-23.
- dd. The domestic industry has not established a new plant during the POI. The primary cause of injury to the domestic industry is the decrease in the import price when the raw material prices costs have increased.
- ee. The Authority and Tribunal has taken a view that unless other interested parties demonstrate the need for consideration of a different return, 22% shall be allowed for determination of non-injurious price.
- ff. Further, in the matter *Eximcorp India Pvt. Ltd. v. Designated Authority*, CESTAT noted in it is a long-standing practice of the Authority to consider a return of 22% for determining the NIP.
- gg. Other known factors have not caused injury to the domestic industry.
- hh. The legal requirement for causal link is existence of “a” causal relationship between dumped imports and injury to the domestic industry. The requirement is not regarding existence of “the” causal link between dumped imports and injury to the domestic industry.
- ii. The relevance and importance of “a” causal relationship as opposed to “the” causal relationship between dumped imports and injury to the domestic industry has been extensively examined by the WTO in the matter of US — Hot-Rolled Steel.

### H.3. Examination by the Authority

49. The Authority has taken note of the various submissions made by the interested parties, including the domestic industry and has analyzed them considering the facts available on record and the applicable laws. The injury analysis made by the Authority hereunder *ipso facto* addresses the various submissions made by the interested parties.
50. Rule 11 of the Anti-Dumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate 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 article 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. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Anti-Dumping Rules.
51. As regards the other factors causing injury to the domestic industry, the Authority notes that the other interested parties have not produced any evidence to substantiate their claims. In the absence of relevant evidence, the Authority has not examined the allegations by the other interested parties. Moreover, it is noted that the Rules do not require that the dumped imports have to be the sole cause of injury to the domestic industry.
52. As regards the import price has declined despite an increase in the raw material prices. The Authority notes that the raw material price increased in the POI as compared to the previous year as well as the base year. However, the import price declined in the POI. The import price is significantly below the price it should have been at during the POI.
53. With regards to the contention raised by opposing interested parties that due to slow market and economic conditions globally, the profits of producers declined. The Authority notes that it has considered the data for the domestic operations only. The demand in the domestic market shows an increase and therefore, the contention cannot be accepted.
54. With regard to submission of interested parties for consideration of return of 22% for determination of non-injurious price is not appropriate. The Authority notes it is as per the consistent practice of the Authority.

55. The Authority has taken note of various submissions made by the domestic industry and opposing interested parties on injury and causal link and has analyzed the same considering the facts available on record in light of applicable laws. The injury analysis made by the Authority addresses the various submissions made by the domestic industry and other interested parties.

### **H.3.1. Volume effect of dumped imports on the domestic industry**

#### **a. Assessment of demand/apparent consumption**

56. The Authority has taken into consideration, for the purposes of the present investigation, the demand/apparent consumption of the product in India as the sum of the domestic sales of Indian producers and imports from all sources.

SN	Demand/ Consumption	Unit	2019-20	2020-21	2021-22	POI
1	Sales of domestic industry	MT	***	***	***	***
	Trend	Index	100	73	104	92
2	Sales of supporters	MT	***	***	***	***
	Trend	Index	100	63	73	74
3	Sales of other Indian producers	MT	***	***	***	***
	Trend	Index	100	59	77	73
4	Subject country	MT	19	759	848	2740
	Trend	Index	100	3977	4443	14355
5	Imports from other countries	MT	0	0	0	0
6	<b>Total demand</b>	<b>MT</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
	Trend	Index	100	74	98	109
7	<b>Capacity of applicant</b>	<b>MT</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
8	<b>Total capacity for the applicant and supporters</b>	<b>MT</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

57. It is seen that the demand for the product under consideration declined in 2021 but has increased thereafter. The demand has increased in the POI as compared to the base year. The demand declined in 2020-21 due to the covid 19 outbreak.

#### **b. Import volume of the subject country**

58. With regards to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of the injury

analysis, the Authority has relied on the transaction-wise import data procured from DG Systems. The factual position is as follows.

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
<b>A</b>	<b>Imports Volume</b>					
1	Subject country	MT	19	759	848	2740
	Trend	Index	100	3977	4443	14355
<b>B</b>	<b>Subject imports concerning</b>					
1	-Production	%	***	***	***	***
	Trend	Index	100	5650	4244	17120
2	-Consumption	%	***	***	***	***
	Trend	Index	100	5355	4518	13169
3	-Total Imports	%	100	100	100	100

59. It is seen that –

- a. The imports from the subject country accounts for 100% of the imports of the product under consideration into India in the investigation period.
- b. The volume of imports from the subject country has increased over the injury period and imports have increased sharply in the POI.
- c. The imports from the subject country have increased significantly in relation to production in India in the POI.
- d. The share of imports in the demand has consistently increased. The imports command a significant share in demand in India despite no demand supply gap.

### **H.3.2. Price effect of the dumped imports**

60. With regard to the effect of the dumped imports on the prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress the prices or prevent the price increase, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the dumped imports from the subject country with reference to the price undercutting and price suppression/ depression, if any. For the purpose of this analysis, the cost of production and the selling price of the domestic industry have been compared with the landed price of the imports of the subject goods from the subject country.

#### **a. Evolution of import price over the injury period.**

61. The table below shows evolution of import price over the injury period:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Landed price of imports	Rs/MT	159,636	140,767	181,038	173,272
2	Raw material cost	Rs/MT	***	***	***	***
	Trend	Index	100	99	167	172
3	Difference	Rs/MT	***	***	***	***
	Trend	Index	100	75	52	35

62. It is seen that the import price of the product under consideration declined in 2020-21, increased in 2021-22 and declined again in the period of investigation. Despite an increase in the cost of raw materials in the period of investigation, the import price has declined. It is seen that the difference between the landed price of imports and raw material cost has consistently declined. The import price is not commensurate with the cost of raw materials.

**b. Price undercutting**

63. For the purpose of price undercutting analysis, the net sales realization of the domestic industry has been compared with the landed value of imports from the subject country. Accordingly, the undercutting effects of dumped imports from the subject country work out as follows:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Landed price	Rs/MT	159,636	140,767	181,038	173,272
2	Net sales realization	Rs/MT	***	***	***	***
	Trend	Indexed	100	99	127	148
3	Price undercutting	Rs/MT	(***)	***	***	***
4	Price undercutting	%	(***)	***	***	***
5	Price undercutting %	Range	0-10	10-20	10-20	30-40

64. It is seen that the landed price of the subject imports was below the selling price of the domestic industry. The price undercutting has increased consistently throughout the injury period. The subject imports are significantly undercutting the prices of the domestic industry.

**c. Price suppression/ depression**

65. In order to determine whether the dumped imports are suppressing or depressing the domestic prices and whether the effect of such imports is to suppress such prices to a significant degree or prevent price increase which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period, are examined as below:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Cost of Sales	Rs/MT	***	***	***	***
	Trend	Index	100	103	141	175
2	Net sales realization	Rs/MT	***	***	***	***
	Trend	Index	100	99	127	148
3	Landed Price	Rs/MT	159,636	140,767	181,038	173,272
	Trend	Index	100	88	113	109

66. It is seen that-

- a. The cost of sales of the domestic industry was below the landed price in 2019-20 and since the volume of imports from the subject country was low, the domestic industry was able to sell at profitable prices.
- b. The cost of sales increased in the year 2020-21 but the selling price declined due to a significant decline in the landed price. However, the domestic industry was still able to at remunerative price.
- c. The cost of sales and selling price of the domestic industry increased in the POI, the selling price did not increase in tandem with the increase in the cost of sales of the domestic industry in 2021-22.
- d. Whereas the cost of sales and the selling price of the domestic industry increased in the POI, the landed price declined. The period also saw significant increase in the volume of dumped imports. The domestic industry was unable to align their selling price with the change in cost of sales.
- e. The subject imports are therefore suppressing the prices of the domestic industry.

### **H.3.3 Economic parameters of the domestic industry**

67. Annexure II to the Anti-Dumping Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all the relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in the sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of the dumping; actual and potential negative effects on the cash flow, inventories, employment, wages, growth and the ability to raise the capital investments. The various injury parameters relating to the domestic industry are discussed below. The Authority has examined the injury parameters objectively taking into account various facts and arguments made by the interested parties in their submissions:

#### **a. Capacity, production, capacity utilization and domestic sale**

68. The Authority has considered capacity, production, capacity utilization and domestic sales of the domestic industry over the injury period.

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Capacity	MT	***	***	***	***
	Trend	Index	100	103	135	135
2	Production	MT	***	***	***	***
	Trend	Index	100	71	114	86
3	Capacity Utilization	%	***	***	***	***
	Trend	Index	100	69	85	64
4	Domestic sales	MT	***	***	***	***
	Trend	Index	100	73	104	92

69. It is seen that-
- The domestic industry expanded its capacity and submitted that the same was in view of present and potential demand in the country and for export purposes.
  - The production of the domestic industry declined in the POI as compared to base year as well as the previous year. Despite increase in capacities and demand in India, the production of the domestic industry declined.
  - The domestic sales declined in 2020-21, increased in 2021-22 but decline again in the POI.
  - Despite the increase in demand, the domestic sales of domestic industry decline in the POI. Had the product under consideration entered the Indian market at a fair price, the domestic industry could have sold a significantly higher volume of like articles. However, substantial price undercutting led to a decline in domestic sales.
  - The domestic industry expanded their capacity, however, the capacity utilization of the domestic industry declined in the POI and recorded to be the lowest.
  - Despite having sufficient capacity to cater the entire demand, a significant share of the domestic industry's capacity is left un-utilized.

**b. Market Share**

70. The Authority has examined the effect of the dumped imports on the market share of the domestic industry and other Indian producers as under.

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Domestic industry	%	***	***	***	***
	Trend	Index	100	99	105	84
2	Supporters	%	***	***	***	***
	Trend	Index	100	84	74	68
3	Other producers	%	***	***	***	***
	Trend	Index	100	79	78	67
4	Subject country	%	***	***	***	***
	Trend	Index	100	5355	4518	13169

71. It is seen that the market share of the subject country was only almost nil in the base year due to anti-dumping duty measures in force. However, post expiry of the duty, the market share of the subject country increased in 2020-21, but declined in 2021-22. In the period of investigation, the market share of the subject country sharply increased. Similarly, the market share of the domestic industry declined in the POI.
72. The market share of Indian industry as a whole has also significantly decline in the POI as compared to the base year.

**c. Inventories**

73. The inventory position with the domestic industry over the injury period is given in the table below:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Opening Stock	MT	***	***	***	***
2	Closing Stock	MT	***	***	***	***
3	Average Stock	MT	***	***	***	***
	Trend	Index	100	89	103	157

74. It is seen that the average inventory with the domestic industry declined in 2020-21. The inventory increased in 2021-22 and increased further in the POI. Despite an increase in demand of the product under consideration in India, the accumulated inventories of the domestic industry during the POI have significantly increased compared to previous years as well as the base year. The domestic industry recorded the highest inventory in the POI.

**d. Profitability, cash profits and return on capital employed.**

75. The performance of the domestic industry has been examined in respect of profitability, profits, cash profits, PBIT, and return on investment.

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Profit/(Loss) per unit	Rs/MT	***	***	***	(***)
	Trend	Index	100	77	43	-19
2	Profit/Loss	₹ Lacs	***	***	***	(***)
	Trend	Index	100	56	45	-18
3	Cash Profit per unit	Rs/MT	***	***	***	***
	Trend	Index	100	88	65	52
4	Cash Profit	₹ Lacs	***	***	***	***
	Trend	Index	100	65	67	48
5	PBIT per unit	Rs/MT	***	***	***	***
	Trend	Index	100	75	62	34
6	PBIT	₹ Lacs	***	***	***	***
	Trend	Index	100	55	64	31
7	ROCE	%	***	***	***	***
	Trend	Index	100	52	27	11

76. It is seen that-

- The profits of the domestic industry have consistently declined throughout the injury period. The domestic industry recorded losses in the POI.
- The PBIT and cash profit declined over the injury period.
- Return on capital employed has declined throughout the injury period and sharply in the POI. The domestic industry recorded the lowest return on capital employed during the POI.

**e. Employment, wages and productivity**

77. Employment, wages and productivity of the domestic industry over the injury period is given in the table below:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	No of Employees	Nos	***	***	***	***
	Trend	Index	100	120	184	169
2	Productivity per day	MT/day	***	***	***	***
	Trend	Index	100	71	114	86
3	Productivity per Employee	MT/Nos.	***	***	***	***
	Trend	Index	100	59	62	51
4	Wages	₹ Lacs	***	***	***	***
	Trend	Index	100	86	99	123

78. It is seen that-

- a. The wages paid by the domestic industry increased in the POI.
- b. The number of employees, productivity per day and productivity per employee declined in the POI.
- c. The domestic industry has submitted that these factors are not dependent on the performance of the product under consideration and therefore do not reflect the injury suffered.

**f. Growth**

79. The growth of the domestic industry in terms of capacity, production, domestic sales volume, PBT, PBIT, cash profits and the return on capital employed is as per given table below:

SN	Particulars	Unit	2020-21	2021-22	POI
1	Capacity	Y/Y	3	31	0
2	Production	Y/Y	-29	60	-25
3	Domestic Sales Volume	Y/Y	-27	41	-11
4	PBT per unit	Y/Y	-23	-43	-145
5	PBIT per unit	Y/Y	-25	-18	-45
6	Cash Profit per unit	Y/Y	-12	-27	-20
7	Return on Capital Employed	Y/Y	-48	-48	-59

80. It is seen that the growth of the domestic industry is negative in all the major injury parameters during the POI. Further, the domestic industry had recorded negative growth both in volume and price parameters.

**g. Magnitude of dumping**

81. The magnitude of dumping is an indicator of the extent to which the imports are being dumping into India. The investigation has shown that the dumping margin is positive and significant in the investigation period.

**h. Ability to raise capital investment.**

82. The domestic industry has recently invested significant funds for the purpose of their capacity expansion. However, in the POI the domestic industry profits turned into losses.

**i. Factors affecting the prices.**

83. It is seen that there is a steep decline in the import price in the period of investigation. The decline in the landed price of imports is without any commensurate decline in the cost of production or raw material. The domestic industry was earning decent profits in the year 2019-20 and 2020-21. However, the profitability declined steeply in 2021-22 and then further declined in the period of investigation. No other reason has been shown as a factor for price decline. The applicant has made profits in the export. Therefore, the dumping of the product under consideration in the domestic market appears to be the only factor affecting the prices of the applicant.

**H.3.4 Overall assessment of Injury**

84. On the basis of the above the following conclusion have been made:

- a. The volume of imports has increased in absolute terms throughout the injury period.
- b. The imports from the subject country have also increased in relative to Indian production during the POI.
- c. Price undercutting is positive.
- d. The import from the subject country has prevented the applicant to increase its price in commensurate to the increase in cost, resulting in price suppression.
- e. In the period of investigation, the market share of the domestic industry and other Indian producers has declined whereas it has increased for the subject imports.
- f. Despite the increase in the installed capacity, the production, capacity utilization and domestic sales of the domestic industry declined.
- g. The domestic industry has faced a steep decline in its profitability, cash profits and return on investment. The applicant is suffering from financial losses and negligible return on capital investment.
- h. The inventories with the applicant have increased sharply in the POI.
- i. The domestic industry has suffered negative growth on volume and injury parameters.

**I. CAUSAL LINK**

85. As per the Rules, the Authority, *inter alia*, is required to examine any known factors other than the dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. Factors which may be relevant in this respect include, *inter alia*, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and the domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether the factors listed under the Rules could have contributed to the injury suffered by the domestic industry.

**a. Volume and prices of imports from third countries**

86. The imports from China PR constitute 100% of the total imports of the subject goods into India in the POI. There are no other countries exporting the subject goods to India during the POI. Hence, this factor cannot be the reason for any injury suffered by the domestic industry.

**b. Contraction in demand**

87. It is seen that the demand for the subject goods has increased in the POI compared to the base year as well as the previous year. Therefore, the domestic industry has not suffered injury due to contraction in demand.

**c. Changes in the pattern of consumption**

88. No interested party has produced any evidence relating to any known material changes in the pattern of consumption of the product under consideration. Therefore, the Authority concludes that changes in the pattern of consumption have not caused injury to the domestic industry.

**d. Trade restrictive practices**

89. No interested parties have produced any evidence relating to any known trade restrictive practice, which could have caused injury to the domestic industry. Therefore, the Authority concludes that trade restrictive practice has not caused injury to the domestic industry.

**e. Development in technology**

90. The Authority notes that the technology for the production of the subject goods has not undergone any change. Hence, development in technology has not caused injury to the domestic industry.

**f. Export performance**

91. The Authority has considered the injury data for the domestic operations separately for the injury analysis. Therefore, export performance is not the cause of injury to the domestic industry.

**g. Performance of other products**

92. The Authority has considered data relating to the performance of the subject goods only. Therefore, the performance of the other products produced and sold by the domestic industry is not a possible cause of injury to the domestic industry.

**J. CONCLUSION ON INJURY AND CAUSAL LINK**

93. The Authority concludes as under:

- a. Imports of the subject goods from the subject country are entering the Indian market at a price lower than its associated normal value, resulting in dumping.
- b. The import price has declined in the POI. The landed price is below the cost of sales of the domestic industry, which has prevented the domestic industry from

increasing its selling price in tandem to increase in the cost of sales. Thus, imports are suppressing the prices of the domestic industry.

- c. Overall, the volume of dumped imports of the subject goods from the subject country has increased in absolute term during the injury period.
- d. The imports have taken away the market share of the domestic industry.
- e. While the imports increased, production and sales of the domestic industry declined despite an increase in demand.
- f. The dumping margin is above *de-minimis* and significant.
- g. The performance of the domestic industry has steeply deteriorated with respect of profits, cash profits and return on capital employed as a result of imports from the subject country. The impact was such an extent that the applicant suffered from financial losses in the POI.

#### **K. Magnitude of Injury Margin**

94. The Authority has determined the non-injurious price for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The non-injurious price has been compared with the landed price of the product under consideration from the subject country for calculating the injury margin. For determining the non-injurious price, the best utilization of the raw materials and utilities and the best utilization of production capacity has been considered. Extraordinary or non-recurring expenses and/or assets have been excluded from the cost of production and/or non-injurious price. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) deployed for the product under consideration has been allowed for recovery of interest, corporate tax, and profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules.
95. Based on the landed price and NIP determined as above, the injury margin for the producers/exporters as determined by the Authority is provided in the table below:

SN	Particulars	Non-Injurious price	Landed price	Injury Margin	Injury Margin	Range
		USD/MT	USD/MT	USD/MT	%	%
1	Shandong Dyeriyarn Ecochem Co., Ltd.	***	***	***	***	10-20
2	Any other producer	***	***	***	***	10-20

#### **L. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES**

##### **L.1. Submissions made by other interested parties.**

96. The opposing interested parties have made the following submissions with regard to the Indian industry's interest:
- a. Chinese producers benefited from lower costs due to the previous industrial shift to China. Indian producers will benefit from this in the future.
  - b. Imposing anti-dumping duty will put the Indian downstream industry at a competitive disadvantage and lead to price increases due to failure to meet demand and price increases by domestic producers.
  - c. Chinese products are of good quality. There are counterfeit products also of the other Chinese producers in the Indian market that are of inferior quality. These local counterfeits hope to stop good-quality Chinese imports by the imposition of anti-dumping duty.
  - d. As regards the submission that the importers are generally not very established who can afford enough time and money to respond to such anti-dumping cases. Therefore, their non-participation shall not be considered as their support to impose anti-dumping duties.
  - e. The domestic industry and supporters together have a monopoly in India with 98% in the total Indian production. It is impossible to openly oppose the domestic industry, therefore users choose to remain silent.
  - f. The domestic industry is an abuser of the anti-dumping measure.
  - g. The applicant uses anti-dumping measures to monopolize the domestic market and make high profits. the downstream users would be adversely affected and lose competitiveness in the downstream market.
  - h. The imposition of anti-dumping duties will increase costs for downstream industries, particularly the denim sector, which operates on thin profit margins. This could result in a loss of competitiveness, with industries in countries like Bangladesh gaining an advantage.
  - i. The rise in imports post the removal of anti-dumping duties is normal. The demand for the product in the downstream industries has seen consistent growth since 2006. However, the applicant focused on specific indicators to mislead the Authority.
  - k. The applicant market share is very high, the reimposition of anti-dumping duties is not in the public interest, but only in the interest of a few producers. The company hope to use measures to monopolize the Indian market, harm downstream industry interests and seek excessive profits.
  - l. The anti-dumping duty will inevitably lead to an increase in the cost of downstream industry. The denim industry is a low-margin industry, and the higher cost differences in Sulphur black will cause the Indian denim industry to gradually lose competitiveness and be defeated by the industry from other countries such as Bangladesh.
  - m. Indian downstream industries will lose market competitiveness due to the high cost of raw materials.
  - n. The previous imposition of anti-dumping duties lasted for over 10 years, enabling the domestic industry to generate high profits while significantly damaging downstream industries. The international market price of subject goods was considerably lower

than in India, forcing Indian downstream industries to buy costly domestic Sulphur black.

- o. The rise in imports following the revocation of anti-dumping duties is a natural occurrence. Demand has grown on a year-on-year basis since 2006. However, the domestic industry selectively chose the indicators to mislead the Authority disregarding the overall surge of subject goods in the Indian market.

## **L.2. Submission made by the domestic industry**

97. The domestic industry party has made the following submissions with regard to the Indian industry's interest:
- a. The product under consideration is majorly used in the textile industry to dye denim. The impact on ultimate end product denim is insignificant.
  - b. The product under consideration is also utilized in cellulosic fiber, paper and leather and contributes 6%, 2.5% and 0.5% respectively to the final price of cotton for denim jean, dyed paper, and dyed leather. Thus, imposition of duty would not impact the downstream industries.
  - c. The other producers belong to the MSME sector. The domestic industry may manage to withstand the impact of unfair imports. However, the other producers would not have resources to have similar resistance. Therefore, it is imperative to protect the Indian industry from unfair imports.
  - d. There has been no opposition from the importers or users of the subject goods, indicating that they do not anticipate any adverse impact on them. The imposition of anti-dumping duties is not intended to restrict the supply of the subject goods, as the Indian industry is capable of meeting the entire demand in India.
  - e. Despite the duties remaining for 10 years, there is no public information to show that any of the downstream industries faced adverse impact.
  - f. The government has the authority to suspend the collection of duties if the duties have unforeseen and adverse impact. However, the domestic industry should not be denied for remedy out of fear of price increasing. The injury is real, while the possibility of aberrational price increase is remote.
  - g. The imposition of anti-dumping duty will keep dumped imports at check and reduce India's reliance on the imports, prevent outflow of foreign exchange reserve.
  - h. The producers from subject country only operate with the objective of maximization of their revenue and have no interest in the development of Indian market. In the event another market offering better prices, the producers from the subject country are bound to switch their market. Whereas the Indian industry will keep consumer interest in mind.
  - i. India is self-reliant and have the sufficient capacity to cater the entire Indian demand. Indian industry has the capacities to even contribute towards increasing India foreign currency reserve. However, due to dumped imports their performance is suppressed.
  - j. There are several producers of the like article in India apart from the domestic industry. Therefore, imposition of anti-dumping duty would only make this competition even more vibrant.

- k. The objective of imposition of anti-dumping duty is to establish a level playing field, by removing any trade distortion by the producers in the subject country and allowing the Indian industry an opportunity for fair competition.
- l. The imposition of the anti-dumping measures would not restrict imports from the subject country in any way, and, to affect the availability of the products to the consumers.
- m. The imposition of anti-dumping duties will have an insignificant impact on the downstream industries.
- n. The lack of opposition of users in India shows that no adverse impact is anticipated due to imposition of the anti-dumping duties.
- o. The domestic industry has significant export sales during the POI, with major markets in the USA, UK, Denmark, Italy, Netherlands, Spain, Germany, and Czech Republic. This indicates their capability to meet global standards and technical requirements.
- p. The Authority is not an appropriate forum to raise concerns with regards to counterfeit product of the Chinese products.

### **L.3. Examination by the Authority**

- 98. The Authority issued an initiation notification inviting views from all the interested parties, including importers, consumers and other interested parties. The Authority also prescribed a questionnaire for users/ importers to provide relevant information with respect to the present investigation, including the possible effects of the anti-dumping duties on their operations. The Authority considered whether imposition of duty will have any adverse impact on the public interest. During the course of the investigation, steps were taken to examine whether the imposition of the anti-dumping duties will be against the public interest. For this, the Authority has considered information on record and interests of various parties, including the domestic industry, importers and users of the product.
- 99. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties to this investigation. The domestic industry has provided information sought in the economic interest questionnaire. The domestic industry has also provided a quantification of the potential impact of the duty. The impact was found to be insignificant. No other interested parties have provided any information to dispute this claim.
- 100. The Authority notes that the purpose of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Ensuring a level playing field for the subject goods in India is even more important considering the structure of the Indian industry. While the domestic industry is a public company that produces more than 200 products, the other Indian producers fall within the MSME sector and are majorly single product companies.

If the production and sales of the subject goods become unviable to them, they will be forced to shut down operations.

101. The imposition of anti-dumping measures does not restrict imports from the subject country in any way. Further, apart from the domestic industry, there are other producers of the subject goods in the country. The domestic industry has the capacity to meet the entire demand in India. They have even undertaken capacity expansions considering the potential increase in demand in India. Hence, even if the duties were to have an unintended consequence of reducing import volumes from the subject country, the downstream industry in India will not run out of supplies.
102. With regard to the contention that the applicant is trying to monopolize the market and that the anti-dumping duty will impact downstream industry, the Authority notes that imposition of anti-dumping duty does not restrict imports. Imports will continue to happen at fair prices. Anti-dumping duty ensures that the imports are entering the Indian market at fair prices and a level playing field is maintained between the foreign exporters and the domestic industry.
103. Regarding the potential impact of the duties on the downstream industry, the Authority notes that it is recognized that the imposition of the duty might affect the price of the subject goods and consequently, the cost of manufacturing the downstream product. However, none of the users have participated in the present investigation. While the opposing parties contended that the impact of duty, no quantified information has been provided. Contrarily, domestic industry has provided quantified information on the impact of anti-dumping duty. It is seen that the impact of the anti-dumping duty is very negligible.
104. Anti-dumping duties were in place till September 2019. There is no evidence to suggest that there was any adverse impact on the downstream industry as a result of the duties previously in force. In the event there was any adverse impact, there would have been strong opposition from the user industry in the present investigation. The Authority notes that none of the importers/ users have filed responses to the questionnaire issued by the Authority.
105. The Authority notes that apart from the applicant, all other producers of subject goods in India belong to the MSME sector. Imposition of duties would help them to arrest the decline in their performance and protect their legitimate interests. Imposition of duties would only help the other Indian producers to stay viable and competitive.
106. With regards to the argument raised by the opposing interested parties that the counterfeit product of Chinese producers is sold in the Indian market, the Authority notes that the DGTR is not the appropriate forum to raise such concerns since the issue is outside their mandate.

**M. POST DISCLOSURE COMMENTS**

107. The Authority circulated the disclosure statement containing all essential facts to all interested parties on 25<sup>th</sup> July 2024. The Authority has examined all the post-disclosure comments made by the interested parties in these final findings to the extent deemed relevant. Any submission which was merely a reproduction of the previous submission, and which had been adequately examined by the Authority has not been repeated for the sake of brevity.

**M.1 Submissions by other interested parties**

108. The following post-disclosure submissions have been made by the other interested parties.
- a. The export price and landed price determined for Shandong Dyeriyarn Ecochem Co., Ltd. requires a re-examination.
  - b. The product has a history of anti-dumping duties as it was imposed for 10 years which significantly increased the applicant's profits while damaging the downstream sector.
  - c. Profit margin for arriving at reasonable return should be based on analysis of profit when there was no dumping. Adoption of 22% profit margin based on some hypothetical considerations is totally illogical and cannot be termed as reasonable.
  - d. The applicant has admitted in its annual report that the inflation in textile industry has affected the sales of Sulphur Black.

**M.2 Submissions by the domestic industry**

109. The following post disclosure submissions have been made by the domestic industry.
- a. The duties are required to be recommended at 4-digit level customs classification. If the Authority recommends duties on specific codes only, the importer will evade the duties by importing under other HS codes. Even in the post period of investigation, there are imports under two more HS codes - 32041969 and 32041139.
  - b. Examination of injury parameters by the Authority shows that the subject imports are causing material injury to the domestic industry.
  - c. There is a need for re-quantification of dumping margin and injury margin determined for non-cooperative exporters. Landed price including anti-dumping duty will continue to be lower than the cost of the applicant.
  - d. The Authority is requested to include quantified impact of duty in the final findings.
  - e. There is a need for imposition of anti-dumping duty for a period of 5 years. A shorter period would not allow the domestic industry to recover from the injury caused by dumped imports.
  - f. Anti-dumping measure would help other producers belonging to MSME sectors to survive and continue operations. No users have objected, indicating no adverse impact of duty.
  - g. Fixed form of duty must be recommended due to significant price movements over the past few years. Despite an increase in the raw material prices, the

producer/exporter from China PR reduced their price. Further, there is no demand-supply gap in the country and the users are not required to depend on imports, therefore, there is no need for a benchmark form of measures.

### **M.3 Examination by the Authority**

110. The Authority has examined the post-disclosure submissions made by the domestic industry and the other interested parties and notes that some of the comments are reiterations of submissions which have already been examined suitably and addressed adequately in the relevant paras of the final findings. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and the domestic industry and considered relevant by the Authority are examined below.
111. As regards the consideration of 22% return on capital employed for the determination of non-injurious price, the Authority has determined the non-injurious price as per Annexure III of the anti-dumping rules and the consistent practice of the Authority.
112. As regards the claim of the exporter on the adverse impact of anti-dumping duty, the Authority notes that no user has participated in the investigation. The exporter has not provided any quantifiable impact. Based on the information on record, it is seen that the product under consideration does not form a significant part of the cost of the downstream product. If the anti-dumping duty were to have any detrimental impact, the users would have participated in the investigation. The absence of participation shows that the anti-dumping duty would not have any adverse impact on them.
113. As regards the determination of the landed price and net export price of the participating producer, it has been modified in the relevant tables above.
114. As regards the HS code considered by the Authority for recommendation of measures, it is seen that the Authority has considered the HS codes as per DG Systems transaction wise data only. In any case, the customs classification is indicative only and not binding on the scope of the investigation.
115. As regards on submission of inflation in the textile industry which has affected the sales of the applicant, the Authority notes that if the inflation in the textile sector has impacted the sales of the applicant, imports from China PR and demand for the product under consideration would also have been impacted. However, the imports from China PR and demand for the product shows an increase in the period of investigation. Further, the applicant has also suffered financial losses, decline in cash profit and decline in return on capital employed. It is also seen that the statements made in the annual report are made concerning the color division which includes other products as well. Additionally, the statements are made keeping both domestic and export operations in consideration. Therefore, it cannot be accepted that the inflation in the domestic market has impacted the sales of the applicant.

**N. CONCLUSIONS AND RECOMMENDATIONS**

116. After examining the submissions made by the domestic industry and other interested parties and issues raised therein; and considering the facts available on record, the Authority concludes as below.

- i. The application for initiation of the anti-dumping investigation into imports of Sulphur Black originating in or exported from China PR was filed by Atul Limited.
- ii. The product under consideration is Sulphur Black used primarily in textile, paper and leather industries. The product is produced either in liquid or powdered form. The product produced by the applicant is like article to the product produced from the subject country.
- iii. The product under consideration comes under various concentration such as BR 100, BR 200, BR 220, BR 240 etc. The Authority has considered BR 220 as equivalent grade for the purpose of the present investigation.
- iv. Apart from the domestic industry, there are nine other producers of the product under consideration in India. The other Indian producers belongs to MSME sector, and six producers have extended their support to this investigation. The applicant's production constitutes a major proportion of the total Indian production. The application satisfies the requirement of Rule 5.
- v. Considering the normal value and export price for the subject goods, the dumping margin for the subject goods from the subject country has been determined and the margin is significantly positive.
- vi. The demand for the subject goods increased in the period of investigation compared to the base year as well as the previous year.
- vii. The volume of imports increased over the injury period and was highest during the period of investigation, despite there being no demand-supply gap in the country. The imports from the subject country have increased in relation to the production in India.
- viii. Despite an increase in the cost of raw materials, the import price declined in the period of investigation. The import price has not changed commensurate with the change in the cost of raw materials.
- ix. The subject imports are undercutting the prices of the applicant.
- x. The domestic industry has not been able to increase its price commensurate with an increase in its cost due to the decline in the import price during the period of investigation resulting in price suppression.
- xi. As regards the effects of the dumped imports on the economic parameters of the domestic industry, the subject imports caused material injury to the applicant. The following are relevant in this regard –
  - a. The production and sales of the domestic industry declined in the period of investigation.
  - b. Despite an increase in capacity, the capacity utilization of the domestic industry has declined.
  - c. The market share of the subject country has increased while it decreased for the domestic industry and the Indian industry as a whole.

- d. The domestic industry faced a significant piling up of inventories. The accumulated inventories of the domestic industry have significantly increased in the period of investigation as compared to the base year.
  - e. The profitability of the domestic industry declined throughout the injury period and the domestic industry suffered financial losses in the period of investigation. Further, the return on capital employed declined throughout the injury period.
  - f. The Authority saw a negative growth in the volume and price parameter of the applicant.
  - g. Due to the significant losses suffered and the low return earned, the subject imports adversely impacted the ability of the domestic industry to raise capital investments.
  - h. Considering the above, it is clear that the domestic industry has suffered material injury due to the dumped imports.
  - i. A comparison of the landed price of subject imports with the non-injurious price determined by the Authority shows that the injury margin is significant and positive.
  - xii. The investigation has not shown any other factor, which could have caused injury to the domestic industry.
  - xiii. None of the users or importers have participated in the present investigation. The Authority notes that the absence of user participation shows the lack of adverse impact of the proposed anti-dumping duty.
  - xiv. Other interested parties have not provided the impact of anti-dumping duty on end users. On the other hand, the domestic industry submitted quantified information establishing that the impact of the proposed anti-dumping duty on the end users would be negligible.
  - xv. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties in this investigation. No economic interest questionnaire response has been filed by other interested parties. The domestic industry has also provided a quantification of the potential impact of duty.
  - xvi. Considering the nature of the industry and the degree of the injury suffered due to dumped imports, the Authority considers that anti-dumping duty for a period of five (5) years is necessary.
117. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers and other interested parties to provide positive information on the aspect of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and causal link in terms of the provisions laid down under the Anti-dumping Rules, the Authority is of the view that imposition of anti-dumping duty is required to offset dumping and injury. Therefore, the Authority recommends the imposition of anti-dumping duty on imports of the subject goods from the subject country.
118. Having regards to the lesser duty rule followed, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury

so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of the anti-dumping duty on the imports of subject goods originating in or exported from the subject country, for a period of 5 years, from the date of notification to be issued in this regard by the Central Government, equal to the amount mentioned in Column 7 of the duty table appended below.

**Duty table**

S. N.	Heading	Description	Country of origin	Country of export	Producer	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	32041196, 32041218, 32041911, 32041925, 32041958, 32041964, 32041967, 32041979 and 32049000	Sulphur Black	China PR	China PR	Shandong Dyeriyarn Ecochem Co., Ltd.	271	MT	\$
2	-do-	-do-	China PR	Any country, including China PR	Any producer other than Shandong Dyeriyarn Ecochem Co., Ltd.	389	MT	\$
3	-do-	-do-	Any country other than China PR	China PR	Any	389	MT	\$

*The customs classification is only indicative and is not binding on the scope of the present investigation.*

**O. Further procedure**

119. An appeal against the determination of the Designated Authority in these final findings shall be before the Custom, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act/Rules.

  
Anant Swarup

(Designated Authority)