

**File No 6/23/2023-DGTR**  
**Government of India**  
**Department of Commerce**  
**Ministry of Commerce & Industry**  
**(Directorate General of Trade Remedies)**  
**4th Floor, Jeevan Tara Building,**  
**5, Parliament Street, New Delhi - 110001**

Dated: 29<sup>th</sup> September, 2023

**INITIATION NOTIFICATION**

**Case No. AD (OI) 22 /2023**

Subject: Initiation of anti-dumping investigation concerning imports of **“Thermoplastic Polyurethane (TPU)”** originating in or exported from **China PR**

1. Covestro (India) Pvt Ltd. (hereinafter also referred to as the “applicant”) has filed an application before the Designated Authority (hereinafter referred to as the “Authority”), on behalf of the domestic industry, in accordance with the Customs Tariff Act, 1975, as amended in 1995 and thereafter (hereinafter referred to as “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as “Rules”), for initiation of an anti-dumping investigation concerning imports of **“Thermoplastic Polyurethane” (“TPU”)** (hereinafter referred to as “subject goods” or “product under consideration” or “PUC”), originating in or exported from **China PR** (hereinafter referred to as “subject country”).
2. The applicant has alleged that injury and threat of injury is being caused to the domestic industry due to the dumped imports, originating in or exported from the subject country and has requested for the imposition of anti-dumping duty on the imports of the subject goods from the subject country.

**A. PRODUCT UNDER CONSIDERATION**

3. The product under consideration is **“Thermoplastic Polyurethane” (“TPU”)** originating in or exported from China PR. TPU is a melt-processable thermoplastic elastomer having unique properties of plastic and rubber, including elasticity, transparency, and resistance to oil, grease, and abrasion. TPU is thermoplastic elastomer consisting of linear segmented block copolymer composed of hard and soft segments. PUC covers TPU in the form of powder, granules, pellets, unmodified or modified by colourants, fillers or other additives.

4. TPU is a unique type of plastic that bridges the gap between rubber and plastic. TPU combines a multitude of strengths characterizing rubber on one hand and thermoplastic materials on the other. TPU can, for instance, be deformed under tensile and compressive load, but afterwards return to their original shape. Furthermore, it can be stretched when heated, and when heated even, they can be melted and moulded over and over again. The key to TPU's versatility is that its hardness can be highly customized. TPU can be as soft as rubber or as hard as rigid plastic. TPU can be transparent or coloured or hard or soft/smooth to provide grip.
5. TPU is obtained from the reaction of polyols (polyester or polyether or polycaprolactone based or a combination of these), diisocyanates and short-chain diols. Additives can be added to these to achieve special properties. By combining all the elements, a wide range of hardness and mechanical properties can be achieved. PUC is offered by the applicant in different grades. However, these different grades are different merely in terms of properties, which can be achieved through control on process parameters and use of specific additives. All these grades remain the same as one article.
6. The product scope covers polyester-based TPU as well as polyether-based TPU, and polycaprolactone-based TPU is specifically excluded from the scope of product.
7. The product under consideration is used in a wide variety of applications including automotive instrument panels, agriculture (animal ID tags), caster wheels, power tools, sporting goods, medical devices, tubes & hoses, belts and profiles industry, footwear, inflatable rafts, variety of extruded film, sheet and profile applications, outer cases of mobile electronic devices, keyboard protectors for laptops etc. TPU is also substituting rubber and PVC (Poly Vinyl Chloride) in premium motorcycle market as well as passenger car interiors.
8. The product under investigation is being imported under Custom Tariff Heading 39095000 of the First Schedule to the Customs Tariff Act, 1975. However, it is possible that the subject goods may also be imported under other headings and therefore, the Customs tariff heading is indicative only and is not binding on scope of the product.
9. The parties to the present investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days of the circulation of the non-confidential version of the documents filed before the Authority.

## **B. LIKE ARTICLE**

10. The applicant has claimed that the subject goods, which have been alleged to be dumped in India, are identical to the goods produced by the domestic industry. There are no known differences in the technical specifications, quality, functions and end use of the two products. The Authority notes that the two are *prima facie* technically and commercially substitutable. Therefore, for the purpose of the present investigation, the goods produced

by the applicant in India are being treated as 'like article' to the subject goods being imported from the subject country

**C. SUBJECT COUNTRY**

11. The subject country in the present petition is China PR.

**D. PERIOD OF INVESTIGATION (POI)**

12. The period of investigation (POI) adopted by the Authority for the present investigation is 1st April, 2022 to 31st March, 2023. The injury investigation period covers the periods 1<sup>st</sup> April, 2019 – 31<sup>st</sup> March, 2020, 1<sup>st</sup> April, 2020 – 31<sup>st</sup> March, 2021, 1<sup>st</sup> April, 2021 – 31<sup>st</sup> March, 2022 and the POI.

**E. DOMESTIC INDUSTRY AND STANDING**

13. The application has been filed by Covestro (India) Pvt Ltd. The applicant has claimed that it is the sole producer of the subject goods in India constituting 100% of the Indian production and therefore, has the requisite standing to file the present application.
14. As per the information submitted by the applicant, it has imported the subject goods from related producer/exporter in China PR. Considering the volume of such imports is not significant, the Authority notes, after due examination, that the applicant constitutes eligible domestic industry in terms of the provisions of Rule 2(b) and the application satisfies the criteria in terms of Rule 5(3) of the Rules.

**F. BASIS OF ALLEGED DUMPING**

**Normal Value**

15. The applicant has claimed that in terms of Article 15(a)(i) of China's Accession Protocol and Para 7 of the Annexure-I to the Anti-Dumping Duty Rules, the normal value for Chinese producers may be determined based on the cost or domestic selling price prevailing in China PR, only if the responding Chinese producers demonstrate that their cost and price information are based on market driven principles and allow for fair comparison in terms of paras 1 to 6 of Annexure-I to the Anti-Dumping Duty Rules, failing which, normal value for the Chinese producers must be determined based on paras 7 and 8 of Annexure-I to the Rules.
16. The applicant has also claimed that the data relating to cost or price in a market economy third country or recourse to other alternative methods is not available. The normal value has been, thereby, constructed based on the best estimates of the cost of the production of the domestic industry of the subject goods as per the best information available after duly adjusting the selling, general and administrative expenses with reasonable profits.

## **Export Price**

17. The export price for the subject goods has been computed based on the Directorate General of Commercial Intelligence and Statistics (DGCI & S) transaction-wise import data. Appropriate price adjustments have been claimed to make the prices at ex-factory levels so that they become comparable with normal value.

## **Dumping Margin**

18. The normal value and the export price have been compared at the ex-factory level, which *prima facie* shows that the dumping margin is above the *de-minimis* level and is significant in respect of the product under consideration exported from the subject country. Thus, there is sufficient *prima facie* evidence that the product under consideration from the subject country is being dumped in the Indian market by the exporters from the subject country.

## **G. INJURY AND CAUSAL LINK**

19. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished evidence regarding the injury taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to the production or consumption in India, price undercutting, price underselling and price suppressing and depressing effect on the domestic industry. The applicant has claimed that its performance has been adversely impacted in respect of sale, profitability, return on investment, accumulation of inventories and capacity utilization as a result of increase in imports of product under consideration at an injurious price for the domestic industry. There is sufficient *prima facie* evidence that the injury is being caused to the domestic industry by dumped imports from the subject country.

## **H. INITIATION OF ANTI-DUMPING INVESTIGATION**

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

## **I. PROCEDURE**

21. The principles as stipulated under Rule 6 of the said Rules shall be followed in the present investigation.

## **J. SUBMISSION OF INFORMATION**

22. All communication should be sent to the Designated Authority via email at the email addresses adg14-dgtr@gov.in, adv13-dgtr@gov.in, dd16-dgtr@gov.in and singh.shivam@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
23. The known producers/exporters in the subject country, the government of the subject country through their embassy in India, the importers and users in India who are known to be associated with the subject goods are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time limit set out below.
24. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

**K. TIME LIMIT**

25. Any information relating to the present investigation should be sent to the Designated Authority via email at the following email addresses adg14-dgtr@gov.in, adv13-dgtr@gov.in, dd16-dgtr@gov.in and singh.shivam@gov.in within thirty (30) days from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country as per Rule 6(4) of the Rules. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
26. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

**L. SUBMISSION OF INFORMATION ON A CONFIDENTIAL BASIS**

27. Any party making any confidential submissions or providing information on a confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules. Failure to adhere to the above may lead to rejection of the response / submissions.
28. The parties making any submission (including appendices/annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-confidential versions separately.
29. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.

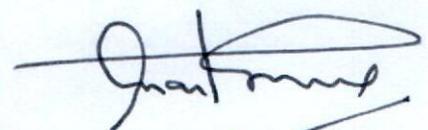
30. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
31. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
32. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.
33. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days of the circulation of the non-confidential version of the documents filed before the Authority.

#### **M. INSPECTION OF PUBLIC FILE**

34. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties.

#### **N. NON-COOPERATION**

35. In case any interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.



(Anant Swarup)

**Designated Authority**