

**F. No. 6/15/2021-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: 24th January, 2022

INITIATION NOTIFICATION

Case No. AD-OI 15/2021

Subject: Initiation of anti-dumping investigation concerning imports of “Ursodeoxycholic Acid (UDCA)” originating in or exported from China PR and Korea RP.

1. M/s Arch Pharmed Labs Limited (hereinafter referred to as the “applicant”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) in accordance with Customs Tariff Act, 1975 as amended from time to time (herein also referred to as the “Act”) and Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter also referred to as the “Rules”) for initiation of anti-dumping investigation and imposition of anti-dumping duty on imports of “Ursodeoxycholic Acid also known as UDCA (hereinafter referred to as the “subject goods” or “product under consideration”) originating in or exported from China PR and Korea RP (hereinafter referred to as ‘subject countries’).
2. The Applicant has claimed that the injury to the domestic industry is being caused due to dumped imports from China PR and Korea RP and has requested for imposition of anti-dumping duty on the imports of the subject goods originating in or exported from China PR and Korea RP.

A. Product under consideration (PUC)

3. The product under consideration in the present investigation is Ursodeoxycholic Acid. Ursodeoxycholic Acid is also known as Ursodiol or UDCA.

4. UDCA is used as medical therapy in gallstone disease (cholelithiasis) and for biliary sludge. It may be given after bariatric surgery to prevent cholelithiasis. UDCA is also used as a therapy in primary biliary cholangitis where it can produce an improvement in biomarkers. It is also used to treat primary sclerosing cholangitis, Intrahepatic cholestasis of pregnancy, bile reflux gastritis, etc.
5. The product is classified under the Chapter 29 of the Customs Tariff Act, 1975 (51 of 1975) under various subheadings of the tariff custom classification such as 2915, 2916, 2918, 2922, 2924, 2931, 2933, 2934, 2939, 2941 and 2942. However, the product is majorly imported under 29181690 and 29181990. The customs classification is only indicative and is not binding on the scope of the product under consideration.

B. Like Article

6. The Applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. It has been further stated that there is no significant difference in the subject goods produced by the domestic industry and those exported from subject countries. The applicant has claimed that UDCA produced by the domestic industry and imported from subject countries is comparable in terms of physical & chemical characteristics, manufacturing process & technology (there is no other known technology for production world over), functions and uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used and are using the two interchangeably. For the purpose of present investigation, the subject goods produced by the Applicant are being treated as “like article” of the subject goods imported from the subject countries.

C. Domestic Industry & Standing

7. The application has been filed by M/s Arch Pharmed Labs Limited. The applicant has claimed that it has neither imported the subject goods from the subject countries nor is related to any exporter or producer of the subject goods in the subject countries or any importer in India. The Applicant has also claimed that it is the major producer (more than 95%) in India. Another producer is M/s IOL Chemicals and Pharmaceuticals Ltd who has produced like product in the domestic market during the POI.
8. On the basis of the information available, the Authority notes that the application has been made by or on behalf of the domestic industry in terms of the provisions contained in Rule 2(b) and Rule 5(3) of the Rules.

D. Basis of Alleged Dumping

a. Normal Value

9. The Applicant has cited and relied upon Article 15(a)(i) of China's Accession Protocol and claimed that producers in China PR must be asked to demonstrate that market economy conditions prevail in their industry producing the like product with regard to the production and sale of the product under consideration. It has been stated that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of Para 7 of Annexure- I. Under Para 7, normal value for non-market economy country is required to be determined on the basis of prices of subject goods in the market economy third country or price from such third country to other countries, including India, or on some other reasonable basis including price paid or payable in India.
10. The applicant has claimed normal value for China PR on the basis of the export price of subject goods from European Union to India. They have proposed that EU be taken as appropriate market economy third country. Alternatively, the applicant has also provided calculations of normal value on the basis of cost of production, duly adjusted for China PR.
11. For Korea RP, the Applicant has claimed that it was unable to provide normal value of the subject goods on the basis of price lists, commercial/sales invoices, trade journals etc which can indicate prices. Further, the product under consideration does not have dedicated HS code and is imported and exported under various HS codes and under these HS codes other products are also imported and exported. Normal value has been claimed on the basis of the cost of production of the domestic industry with reasonable profit.
12. It is noted that the product under consideration does not have dedicated custom HS code in which it is traded, and therefore it was difficult to ascertain the export price of subject goods from EU to other countries including India for the purpose of prima facie determination of normal value for China PR. The Authority has, for the purpose of initiation, considered the constructed the normal value for China PR as provided by the applicant based on cost of production and SGA costs on the basis of experience of the domestic industry, and a reasonable profit. With regard to Korea RP, normal value has been constructed having regard to cost of production in India, duly adjusted, and with reasonable SGA expense, and profit margin. There is sufficient evidence of normal values claimed with respect to China PR and Korea RP.

b. Export Price

13. The Applicant has adopted the CIF price from secondary source data, as DGCI&S data was not made available by DGCI&S. Since the DGCI&S data has not been made available to the DGTR, also the information provided by the applicant has therefore, been adopted for ascertaining export price at this stage.
14. To determine the Ex-factory export price, the export price for the subject countries has been adjusted with ocean freight, marine insurance, commission, inland freight expenses, port expenses and bank charges. There is sufficient prima facie evidence with regard to the net export prices claimed by the Applicant.

c. Dumping Margin

15. The normal value and the export price have been compared at ex-factory level, which prima facie shows dumping margin is not only above the de-minimis level but also significant. There is sufficient prima facie evidence that the subject goods from subject countries are being dumped into the Indian market by the exporters from the subject countries.

E. Evidence of injury and causal link

16. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished evidence regarding the injury resulting from the alleged dumping of dumped imports in the form of adverse price effect. In particular, the applicant has cited price depression, and price suppression suffered by them on account of dumped imports of subject goods from subject countries. The applicant has claimed that its performance has been severely impacted in form of low production, sales and market share, and significant losses, cash losses and negative return on capital employed. There is sufficient prima facie evidence of material injury being caused to the domestic industry by dumped imports of subject goods from the subject countries.

F. Initiation of Anti-Dumping Investigation

17. On the basis of the duly substantiated written application filed by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about dumping of the subject goods originating in or exported from the subject countries, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act

read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the subject goods originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

G. Subject Countries

18. The subject countries for this investigation are China PR and Korea RP.

H. Period of Investigation (POI)

19. The applicant has proposed period of investigation as April 2020 to June 2021 (period of 15 months) in the application. However, the Authority has considered POI as October 20 to September 2021. Therefore, the period of investigation (POI) for the present investigation is October 2020 to September 2021. The injury investigation period will cover the periods, 2018-19, 2019-20, 2020-21 and POI and the period of investigation.

I. Procedure

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

J. Submission of information

21. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email address dd13-dgtr@gov.in, ad12-dgtr@gov.in and a copy to adg13-dgtr@gov.in, adv12-dgtr@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.
22. The known exporters, their Government through their Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
23. 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 on the email address mentioned in Para 18 above.

24. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.
25. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

K. Time Limit

26. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, adv12-dgtr@gov.in, dd13-dgtr@gov.in and ad12-dgtr@gov.in within thirty days (30 days) from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping Rules. It may, however, be noted that in terms of explanation to the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings based on the facts available on record in accordance with the Rules.
27. 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 confidential basis

28. Any party making any confidential submission or providing information on 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 and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
29. 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.
30. 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.

31. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
32. 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
33. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied 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.
34. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
35. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

M. Inspection of Public File

36. In terms of Rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. The modality of maintaining public file in electronic mode is being worked out.

N. Non-cooperation

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



(Anant Swarup)
Designated Authority