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**F. No. 06/14/2017-DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi**

29th day of October, 2018

FINAL FINDING
[Case No. O.I. 25/2017]

Subject: Antidumping investigation concerning imports of Zeolite 4A (Detergent grade) originating in or exported from People's Republic of China.

F.No.6/14/2017-DGAD: Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter also referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules 1995, as amended from time to time (hereinafter also referred to as the Rules) thereof; the Designated Authority (hereinafter referred to as the Authority) had initiated an Antidumping investigation against imports of Zeolite 4A (Detergent Grade) originating in or exported from People's Republic of China vide Notification No. 06/14/2017-DGAD on 2nd January, 2018.

1. And whereas, M/s Gujarat Credo Mineral Industries Ltd and M/s Chemicals India (hereinafter also referred to as "Petitioners" or "Applicants") filed an application in the present case before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Act and the Rules for initiation of Antidumping investigation concerning imports of Zeolite 4A (Detergent grade) (hereinafter also referred to as the subject goods), originating in or exported from People's Republic of China (hereinafter also referred to as the subject country) and requested for imposition of Antidumping duties on the imports of the subject goods, originating in or exported from the subject country.
2. And Whereas, the Authority on the basis of *prima facie* evidence submitted by the applicant to justify initiation of Antidumping investigation issued a public notice vide Notification No. 6/14/2017-DGAD on 2nd January, 2018 to examine and determine the 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 antidumping duty, which, if levied, would be adequate to remove the alleged injury to the DI.

A. PROCEDURE

3. Procedure described herein below has been followed with regard to this investigation, after issuance of the public notice notifying the initiation of the above investigation by the Authority:
 - i. The Authority notified the Embassy of the subject country in India about the receipt of the Antidumping application before proceeding to initiate the investigations in accordance with sub-rule (5) of Rule 5 supra.
 - ii. The Authority sent a copy of the Initiation Notification to the concerned Embassy of the subject country in India; known producers/exporters from the subject country; known importers/users in India; other Indian producers and the DI as per the addresses made available by the applicants and requested them to make their views known in writing within 40 days of the Initiation Notification.
 - iii. 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 supra.
 - iv. The Embassy of the subject country in India was also requested to advise the exporters/producers from their country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject country.
 - v. The Authority sent Exporter's Questionnaire and Supplementary Questionnaire to the following known producers/exporters to elicit relevant information in accordance with Rule 6(4) of the Rules:
 - a. M/s Chalco Qingdao International Trading
 - b. M/s Chalco Zibo International Trading Co.
 - c. M/s Xiamen Zhongzhao Imp and Exp Co Ltd
 - d. M/s Tianjin Gerkwin International Trading Company Ltd
 - e. M/s Guangzhou Chemicals Imp. & Export Co Ltd
 - f. M/s Huiying Chemical Industry
 - vi. In response to the above notification, the following exporters/producers responded and submitted questionnaire responses.
 - a. M/s Inner Mongolia Risheng Recycling Resource Co., Ltd.
 - b. M/s Tianjin Gerkwin International Trading Co., Ltd.
 - c. M/s Chalco Shandong Advanced Material Co., Ltd
 - d. M/s Chalco Qingdao International Trading Co.,Ltd.
 - e. M/s Chalco Zibo International Trading Co., Ltd
 - vii. Legal submissions were also filed by Chalco Shandong Advanced Material Co., Ltd, Chalco Qingdao International Trading Co., Ltd., Chalco Zibo International Trading Co., Ltd, Tianjin Gerkwin International Trading Co, Xiamen Zhongzhao Import and

Export Co. Ltd and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

- viii. The Authority sent Importer's Questionnaires to the following known importers/users/user associations of subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:
- a. M/s Nirmesh Enterprises Private Limited
 - b. M/s Pee Cee Cosma Sope Limited
 - c. M/s Zeolites and Allied Products Private Limited
 - d. M/s Ankush Enterprises
 - e. M/s Sankur Exim Pvt. Ltd.
 - f. M/s Vimal Agencies
 - g. M/s Vaghani Inc.
 - h. M/s S.B. International
 - i. M/s Shree Soaps & Chemical Industries
 - j. M/s Plasma Exim Llp
 - k. M/s Nirma Limited
 - l. M/s Devanshi Exports Private Limited
 - m. M/s Oasis Capital Private Limited
 - n. M/s Dev Overseas
 - o. M/s Rspl Limited (Ghari Detergent)
 - p. M/s Procter & Gamble Home Products Private Limited
 - q. M/s Ballehwar Exim Private Limited
 - r. M/s Agarwal Minerals
 - s. M/s Aaditya Finechem Pvt.Ltd.
- ix. The following importers of the subject goods responded by filing questionnaire responses
- a. M/s Aaditya Finechem (P) Ltd.
 - b. M/s Hindustan Unilever Limited
- x. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- xi. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction-wise details of imports of subject goods for the past three years, and the period of investigation, which was received by the Authority. The Authority has relied upon the DGCI&S data for computation of the volume of imports and required analysis after due examination of the transactions.
- xii. The Non-Injurious Price (NIP) based on the optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the DI on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the Antidumping Rules has been worked out so as to ascertain whether Antidumping duty lower than the dumping margin would be sufficient to remove injury to the DI.

- xiii. The Authority held a public hearing on 25th May, 2018 to provide an opportunity to the interested parties to present relevant information orally in accordance to Rule 6 (6), which was attended by the representatives of DI and other interested parties. All the parties who presented their views in the public hearing were requested to file written submissions of their views expressed orally. The parties were also advised to collect written submissions made by the opposing parties and to submit their rejoinders thereon.
- xiv. The verification of the information provided by the DI was carried out to the extent considered necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon.
- xv. The petitioners had proposed the period April 2016 – March 2017 (12 Months) as the period of investigation in the petition. For enabling the Authority to make required analysis on the basis of more updated data, the Authority determined the POI as April 2016 to June 2017 (15 Months). The examination of trends in the context of injury analysis covered the periods April 2013-March 2014, April 2014-March 2015, April 2015-March 2016 and the POI.
- xvi. The submissions made by the interested parties during the course of this investigation, wherever found relevant, have been addressed by the Authority in this notification.
- xvii. Information provided by the interested parties on confidential basis was examined with regard to 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 other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non confidential version of the information filed on confidential basis.
- xviii. 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 views/observations on the basis of the facts available.
- xix. ‘****’ in this document represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xx. The exchange rate for the POI has been taken by the Authority as **₹67.45 = US\$1**.

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

B.1 Views of the Domestic Industry

- 4. The views of the DI are as follows:
 - i. The product under consideration (PUC) is “Zeolite 4A (Detergent Grade)” also known as “Synthetic Zeolite 4A”. Zeolites are micro porous crystalline solids with well-defined structures. Generally, they contain silicon, aluminium and oxygen in their

framework and cat-ions, water and/or other molecules within their pores. Many occur naturally as minerals, and are extensively mined in many parts of the world. Others are synthetic, and are made commercially for specific uses in various industries. The general formula of Zeolite is given as $Nax[(AlO_2)_x(SiO_2)_y].zH_2O$.

- ii. Due to cubical shape with rounded corners and edges, Zeolite 4A crystals do not remain on fabrics and are easily removed on rinsing. They have high sequestering power even at high temperatures and Alkali reaction with pH less than 12. The average particle size is less than 5micron. This makes it suitable to pass through the mesh size of clothes and preventing greying thereby. The subject good are mainly used as a builder in detergents
- iii. Detergent grade zeolites are primarily water softener compounds, used to remove calcium and magnesium ions from hard water. This results in softening of water, which requires less soap for the same cleaning effort, as soap is not wasted mopping up calcium ions.
- iv. PUC falls under Chapter 38 of the Customs Tariff Act, 1975. The subject goods were classified under customs sub-heading 38249022 at the time of filing of petition; but the classification has thereupon changed to 38249922. It is pertinent to note that the customs classification indicated is only indicative. The PUC has been imported under different heads such as - 38249090, 38249990, 28429090, 28269000, 28399090 & 28421000
- v. Since the PUC is being imported under various codes, the Authority may kindly specify these indicative codes as well in the duty table. Only the duty table contents are relevant in this regard. Anything mentioned in the para relating to "product under consideration" but not stated in duty table is likely to get ignored while issuing notification by the Ministry of Finance. Customs authorities at the port consider and rely upon the notifications notification issued by the MOF. Hence it is of utmost important that the duty table itself include all these clarifications
- vi. A large number of imports are taking place under such codes despite the existence of a dedicated code. The possibility of circumvention becomes very high if relevant codes are not mentioned in customs notification.
- vii. GCMIL produces Zeolite 4A for detergent industry use and supplies to all major detergent makers in India, including Nirma, Ghari, Jyothy Lab and P&G on regular basis. GCMIL product matches with all other producers including Chinese. Attachment related to the Exhibits displaying communication between HUL and GCMIL regarding quality being unacceptable, has not been shown to the petitioner, claiming confidentiality. GCMIL has not received any technical data from HUL concerning the results of the sample submitted as claimed by HUL and only false claims in this regard have been raised.
- viii. Difference in quality is not a sufficient justification for exclusion of a product reference has been laid on the decision of the Hon'ble CESTAT in the matter of DSM Idemitsu Limited Versus DA.

B.2 Views of Interested Parties

5. The views of other interested parties are as follows:
 - i. The product scope includes products not being commercially produced and manufactured by the Petitioners. Therefore, the imported product and the DI's product cannot be considered as "like articles".
 - ii. Petitioners are unable to manufacture and commercially supply Zeolite Grade 4A as per the technical specifications required by HUL. Hence it is requested to exclude Zeolite Grade 4A specifications which matches the bulk density and the content as provided in HUL's specifications

B.3 Examination by the Authority

6. The PUC is Synthetic Zeolite 4A (Detergent Grade). Zeolites are micro porous crystalline solids with well-defined structures. Generally, they contain silicon, aluminum and oxygen in their framework and cat-ions, water and/or other molecules within their pores. They also occur naturally as minerals, and are extensively mined in many parts of the world. Others are synthetic, and are made commercially for specific uses in various industries. The general formula is given as $Nax[(AlO_2)_x(SiO_2)_y].zH_2O$.
7. The PUC functions as a detergent builder primarily as a water softener resulting in softening of water, which requires less soap for the same cleaning effort, as soap is not wasted mopping up calcium ions.
8. The Authority notes that the PUC falls under Chapter 38 of the Customs Tariff Act, 1975. The subject goods were classified under customs sub-heading 38249022 at the time of filing of petition; however, the classification has thereupon changed to 38249922. It is further noted that the product is also being imported under different headings such as – 38249090, 38249990, 28429090, 28269000, 28399090 & 28421000. In view of the same, all such reported headings are also included in the scope of the present investigation. In any case, the Customs classification indicated is only indicative.
9. As regards the claims of HUL that the product produced by the DI is unfit for the desired use, the Authority notes that HUL was specifically directed to provide evidence in support of its claim. While no verifiable evidence was provided by the company, the DI provided documents showing that HUL has not established how the goods produced by the two petitioner companies cannot be used by them. In view of the same and after considering the evidence placed on record by DI, the Authority proposes to hold that there is no known difference in PUC exported from the subject country and the goods product produced by the Indian industry. The like article produced by the DI is comparable to the subject goods exported from subject country in terms of characteristics such as physical & chemical characteristics, functions & uses, product specifications, distribution & marketing and

tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.

10. Thus, the Authority proposes to hold that the goods produced by the applicant DI are like article to the PUC exported from the subject country, in accordance with the AD Rules.

C. SCOPE OF DOMESTIC INDUSTRY & STANDING

C.1 Views of the Domestic Industry

11. Following submissions have been made by the DI:

- i. The petition has been filed by M/s Gujarat Credo Mineral Industries Limited & M/s Chemical India. The petitioners are not related to any importer in India or exporter from subject country, nor have the petitioners imported the PUC within the meaning of Rule 2(b). The production of the petitioners constitutes total Indian production. The petitioners have, therefore, satisfied the requirement of standing and constitute DI within the meaning of the Antidumping Rules.
- ii. Petitioners are the only producers of the subject goods in the Indian market during relevant period. As per petitioner's market intelligence there are no other known producer of subject goods in the domestic market. Other producers namely, NALCO and Gujarat Multi Gas Base Chemicals Pvt. Ltd. who were known to produce earlier, were contacted by the petitioner. However, no information has been provided to the petitioner with regard to production by these companies. None of them have responded despite several attempts made by the petitioners and thus it was considered that the petitioners are the only domestic producers in the domestic market. The Authority may investigate and seek further information in this regard. Even if these alleged other producers still produce subject goods, the production by the petitioners would still remain a major proportion of total Indian production.

C.2 Views of Interested Parties

12. The following submission has been made in this regard –
 - i. Applicants have falsely claimed to be the sole producers of the subject goods when they themselves have admitted to their being multiple other producers, such as NALCO and Gujarat Multi Gas Base Chemicals Pvt. Ltd. involved in production of the same.
 - ii. Entire production of the Applicants cannot constitute a major proportion' of the total domestic production in India. Must include production of NALCO and Gujarat Multi Gas Base Chemicals Pvt. Ltd.

C.3 Examination by the Authority

13. The application was filed by M/s Gujarat Credo Mineral Industries Limited & M/s Chemical India. The Authority notes that the applicants are not related to any importer in India or exporter from subject country, nor have they imported the PUC within the meaning of Rule 2(b).
14. As regards the claims that there are other Indian producers of the subject goods namely, NALCO and Gujarat Multi Gas Base Chemicals Pvt. Ltd., it is noted that evidences have been provided by the applicants showing repeated attempts made by them as regards possible production by other Indian producers, if any. However, none of other companies have come forward with regard to their possible production. Relevant information was also sought from concerned administrative authority. No evidence has been brought on record which shows production by any other producer of the subject goods. In view of the same, the Authority proposes to hold that the production of the applicants constitutes a major proportion in the Indian production.
15. It is, thus, determined that the applicants constitute 'Domestic Industry' in terms of Rule 2(b) of the AD Rules and the application made by them is held as made on behalf of the DI. Further, the application satisfies the requirements of 'standing' under Rule 5 of the AD Rules.

D. MISCELLANEOUS SUBMISSIONS

D.1. Views of the Domestic Industry

16. The following miscellaneous submissions have been made by the DI:
 - i. The change in figures between the original NCV petition and the first updated petition in terms of profit & loss and cost of sales is only in the POI as a result of the extension of the POI by the Authority from March 2017 to July 2017. In the second updated information, the cost reflected for the year 2013-14 has been normated, in view of the recommencement of production by Chemicals India, to reflect a realistic condition of the DI. Difference in figures relating to market share is because at the time of filing of the petition secondary data was used while the updated information was filed with the DGCI&S T-by-T data.
 - ii. Transaction wise import data has been provided for the placement in the public file. DI has segregated detergent grade zeolite from other items coming under the HS Code 38249022 based upon the description provided in the transaction wise data and DI's knowledge about the importer of the PUC. The Authority may correlate this information with the importers name provided in the transaction wise DGCI&S data and the information furnished by the exporters.
 - iii. Arguments raised on non-disclosure of landed price, market share of petitioners, other

producers, subject imports and non-subject imports are irrelevant as the same have already been provided. All relevant information has been provided in the petition and the updated information filed pursuant to change in POI. Adjustments claimed by the DI are according to the best available information to the DI and are in consonance with the practice followed by Authority. The petitioners relied upon DGCI&S data for filing of the updated petition as the POI was extended by the Authority.

- iv. NALCO's ability to reduce cost of production by 20% by using Sodium Aluminate Liquor along with its state of the art production facility for producing Zeolite 4A is reflected in its inability to produce and sell the PUC. It is unheard of any business achieving such landmarks and then not producing to the extent of capacities created. The non-production of the invoices by users/consumers of the other Indian producers in itself evidences the non-production of PUC by the other Indian producers.
- v. Change in original petition and subsequent updated information is because import data used at time of filing of the petition was procured from secondary source which was subsequently changed to DGCI&S transaction wise data. Also, the DGCI&S published data, which is being referred to, may not report all the imports coming under other codes apart from the dedicated code. DGCI&S transaction wise data shows that there has been a significant increase in imports in the POI.
- vi. The DI has disclosed actual figures for volume parameters while the exporters have claimed complete confidentiality on their data including information of exports, sales production etc. but are demanding the same from the DI. Certain related/ group companies have even found it irrelevant to respond and participate in the investigations. The yardsticks of claiming confidentiality cannot be different for domestic producers and exporters.

D.2 Views of Interested Parties

17. The following miscellaneous submissions have been made by other interested parties in this regard –
 - i. There are inconsistencies between the data provided in Original Petition, First Updated Information and the Second Updated Information in the profit-loss, cost of sales and market shares.
 - ii. Transaction-wise import data has not been made available. Products other than the PUC which falls under the HS Code 38249022 has been taken for the purpose of analysis. In light of the same the methodology used for sorting the import data should be provided.
 - iii. Unjustified Request for Confidential Treatment has been made by the petitioners; Landed price of the subject imports have to be disclosed in actual figures as it does not contain confidential information; they have also not provided the market share of the petitioners, other producers, subject imports, non-subject imports.
 - iv. Information regarding all economic parameters, imports, normal value, market share,

dumping margin and soft copy (Excel file) of T-B-T import data has not been provided for April 2016 to June 2017.

- v. NALCO's ability to reduce cost of production by 20% by using Sodium Aluminate Liquor along with its state of the art production facility for producing Zeolite 4A should have been considered by the Applicant while producing the PUC and NALCO should be included as an interested party in the present matter; Reference is laid on European Communities - Definitive Antidumping Measures on Certain Iron or Steel Fasteners from China, WT/DS397/AB/R
- vi. Since, the volume and value of alleged dumped imports are based on data sourced from Seair Exim Solutions the same show a surge in imports. Applicant must submit DGCI&S data for proper evaluation of import data.
- vii. Applicant has provided data for 12 months only which is incomplete as per initiation notification; the initiation of present investigation cannot be said to be based on positive evidence for the POI and injury period considered in the initiation notification.
- viii. Import data of applicants is completely separate from Department of Commerce data.
- ix. Excessive confidentiality claimed with regard to performance of Applicants. The same has gone to the extent of concealing crucial data for determination of injury.

D.3 Examination by the Authority

18. Various interested parties have raised several issues with respect to the present investigation and the same are examined and addressed as under:
- i. As regards the argument on the inconsistencies in the original petition and the first and second updated information, the Authority notes that POI proposed by the DI was extended and covered the period April, 2016-June, 2017 (15 Months). In view of this extended POI updated information of the industry was filed on the basis of DGCI&S published data whereas the petition was originally filed on the basis of secondary import data. The second updated information was filed by the domestic involving the import methodology and the injury information of the DI on the basis of normated costs in view of capacity installed by the one of the domestic producer. It is because of this reason that the figures are different. There is no inconsistency in the information filed by the DI.
 - ii. As regards the argument on transaction wise data not being made available and those products other than the PUC falling under the same code and yet taken for the purpose of injury analysis, the Authority notes that the transaction wise import data has been provided and placed in the public file. Detergent grade Zeolite has been segregated on the basis of the description as given in the transaction wise data. The data has been corroborated with the exporters' data as per its questionnaire response and has been found that as against *** MT volume of imports reported under DGCI&S data the import volume reported by the exporters in China are ***MT.
 - iii. As regards the argument of undue confidentiality claimed on various parameters by the interested parties, the Authority notes that confidentiality claim made by interested

parties has been examined and found admissible as per the Rule 7 of the Antidumping Rules.

- iv. As regards the claims raised on an alternate process as used by NALCO that should have also been considered by the DI, the Authority notes that concrete evidence has not been submitted in support of production of the subject goods by NALCO. In view of the same the Authority proposes to hold that NALCO is not engaged in the production of the subject goods and hence the claims on the alternate production process are not being considered.
- v. As regards the claims that the data has been provided only for 12 months and thus initiation is not based on positive information for the POI considered for the present investigation, it is noted that Authority based on the positive information, prima facie, satisfied itself with fact of dumping causing injury to the DI. The POI has been extended by a quarter, thus major part of the POI was examined for the purpose of initiation. It was in order to make the POI close to the date of initiation that the POI was extended. It is also noted that the POI can be changed even during the course of the investigation as the purpose is to evaluate dumping causing injury to the DI in an appropriate period suitable for making objective assessment. In any case, the fact of dumping and injury is established in the present POI as can be seen from this Notification at relevant places.
- vi. As regards the argument on the import data of the DI being different from that of the DGCI&S data, it is seen that that the because of non-availability of the DGCI&S Transaction wise data, the application was filed on the basis of the data obtained from secondary sources. This was later updated by the DI on the basis of transaction wise data obtained from DGCI&S. The Authority has also considered the updated data.

E. MARKET ECONOMY TREATMENT (MET), NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN

E.1. Views of the Domestic Industry

19. The DI *inter alia* submitted as follows:

- i. One of the provisions of Accession protocol has expired on 11th December, 2016. The Designated Authority should however proceed with present investigation considering Chinese producers as producers operating in non-market economy conditions due to reasons given below.
- ii. The investigation period considered by the Authority in the present case is April 2016 to June 2017 (15 months).
- iii. The purpose of fixation of POI is to consider a period when the existence of dumping causing injury is claimed and established. In the present case, a major part of the Period of Investigation falls before the expiry of the Chinese Accession Protocol and hence, it would be appropriate to consider China as a non-market economy.
- iv. The Chinese producers are required to be treated as non-market economy companies

for the reason that the costs and prices in China did not reasonably reflect the market forces during the POI. Para 8 to Annexure-I specifies the parameters which should be considered for grant of market economy status.

- v. Since Chinese companies were denied market economy status for the reasons mentioned in Para 8 of Annexure-I till December, 2016, petitioner submits that the Chinese producers are required to be treated as non-market economy companies till such time the investigation period includes the period specified in Accession protocol.
- vi. Chinese producers are required to be treated as companies operating under non-market economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.
- vii. Normal value could not be determined on the basis of price of like article in an appropriate market economy third country for the reason that the relevant information is not publicly available. The petitioner has claimed consideration of normal value on the basis of cost of production in India duly adjusted.
- viii. The dumping margin from China is not only significant, but also substantial, thus establishing existence of significant dumping of the PUC in India. The import volume of China has remained significant throughout the present injury period.
- ix. The adjustments claimed by the DI are according to the best available information to them and in consonance with the practice followed by the Authority. The exporters have filed responses and the Authority may after verification, and if found appropriate and correct may consider the actual adjustments.
- x. DI has provided normated figures for Gujarat Credo Minerals, on the basis of project report. The figures in the petition, do not reflect the real injury suffered by the DI, it is rather much lower injury suffered on basis of normated figures.

E.2 Views of Interested Parties

20. The following submissions have been made with regard to normal value, export price and dumping margin:
 - i. The DI has claimed adjustments from Net Export Price but has not provided any evidence/ justification for the same
 - ii. Normal value determination in current investigation is flawed as the same should have been determined from the domestic sales and cost of subject goods in China PR, as provisions of para 15 (a)(ii) of Accession Protocol of China PR has been rescinded. The mandatory procedure prescribed by law in the present case has not been followed as the interested parties have not been put to notice about selection of the third country; no details, whether petitioners have made any adjustment on account of non-utilization of optimum capacity.
 - iii. Normal value determined on the basis of the cost of production of the DI cannot be accepted as one of the petitioners is a newly incorporated entity, facing high cost of production.

E.3 Examination by the Authority

E.3.1 Examination of Market Economy Claims

21. At the stage of initiation, the petitioners proceeded with the presumption by treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of whether their data/information could be adopted for the purpose of normal value determination. The Authority sent copies of the questionnaire to all the known producers/ exporters for providing relevant information in this regard.
22. The Authority notes that none of the producers/ exporters of the subject goods from the subject country have submitted the 'Market Economy' questionnaire response on the facts & circumstances of the present case. In view of this non-cooperation, the Authority is unable to determine normal value in case of China PR on the basis of questionnaire response of the Chinese producers/ exporters.
23. None of the interested parties, including the DI, has made available any material to the Authority to determine normal value on the basis of costs or price in market economy third country. The Authority has, therefore, determined normal value in respect of China PR on the basis of best information available, in terms of rule 6(8) of the Rules.

E.3.2 Determination of Normal Value for Producers and Exporters in China PR

24. Normal value for the subject goods imported from China PR into India has been constructed considering best optimum consumption of the raw materials and utilities, and best estimates of conversion cost, interest, SGA, etc. including reasonable profit on the cost of production.

E.3.3 Determination of Export Price for China PR

25. The Authority notes that five exporters from China PR have furnished information to the Authority which could be used for determination of export price and individual dumping margin.
 - a. M/s Inner Mongolia Risheng Recycling Resource Co., Ltd.
 - b. M/s Tianjin Gerkwint International Trading Co., Ltd.
 - c. M/s Chalco Shandong Advanced Material Co., Ltd
 - d. M/s Chalco Qingdao International Trading Co.,Ltd.
 - e. M/s Chalco Zibo International Trading Co., Ltd
26. Therefore, the Authority has analysed the response made by the exporters as follows:

M/s Inner Mongolia Risheng Recycling Resource Co., Ltd. (Producer) and M/s Tianjin Gerkwin International Trading Co., Ltd., (Exporter) China PR

27. The Authority notes that Risheng has exported *** MT of the subject goods to India through trader Gerkwin International Trading Co. Ltd. They have claimed expenses on account of inland freight, ocean freight, marine insurance, credit cost, bank charges, VAT and commission to Indian exporter. The same have been allowed, after due verification. Accordingly, the Authority has determined the ex-factory export price as *** US\$/MT.

M/s Chalco Shandong Advanced Material Co., Ltd, (“Chalco AM”) (Producer), M/s Chalco Qingdao International Trading Co.,Ltd. (Chalco Qingdao) (Exporter) and M/s Chalco Zibo International Trading Co., Ltd (Chalco Zibo) (Exporter) China PR

28. The Authority notes that Chalco AM has exported *** MT of the subject goods to India through related trader Chalco Qingdao and *** MT of subject goods through another trader related trader, namely, Chalco Zibo. They have claimed expenses on account of Inland Freight, Ocean Freight, Marine insurance, credit cost, bank charges, and Commission to Indian exporter. The same have been allowed, after due verification. Accordingly, the Authority has determined the ex-factory export price as *** US\$/MT for Chalco AM for exports through their related trader Chalco Qingdao; and *** US\$/MT for their exports through the other related trader, namely, Chalco Zibo.

E.3.6 Normal Value & Export Price for non-cooperating producers/exporters

29. For all other producers/ exporters of China PR, export value has been determined based on facts available. Export price has been determined on the basis of DGCI&S transaction wise import data, after correlating the same with the questionnaire response filed by the responding exporters. The Authority notes that there is no major difference in the export price reported by the responding exporters and the export price determined on the basis of the DGCI&S data. Since these are CIF export price, these have been adjusted for expenses such as ocean freight, insurance, port expenses, bank charges, inland freight, commission and VAT to determine ex-factory export price.

E.3.7 Dumping Margin determination

30. The dumping margin for subject goods has been determined by comparing normal value and export price at ex-factory level for the subject goods. The table below shows the weighted average values for the responding exporters and subject country.

Table

Producer	Exporter	Normal Value (USD/MT)	Net Export Price (USD/MT)	Dumping Margin (USD/MT)	Dumping Margin (%)	Dumping Margin (Range%)
M/S Inner Mongolia Risheng Recycling Resource Co. Ltd (IMRRRCL)	M/s Tianjin Gerkwin International Trading Co. Ltd. (TGITCL)	***	***	***	***	65-75%
M/s Chalco Shandong Advance Material Co. Ltd.(CSAMCL)	Chalco Zibo International Trading Co. Ltd (CZITCL)	***	***	***	***	85-95%
M/s Chalco Shandong Advance Material Co. Ltd.(CSAMCL)	Chalco Qingdao International Trading Co. Ltd (CQITCL)	***	***	***	***	80-90%
Others	Others	***	***	***	***	100-110%

31. It is seen that the dumping margins are more than the *de minimis* limits prescribed under the Rules in respect of all imports into India.

F. INJURY AND CAUSAL LINK

F.1 Views of the Domestic industry

32. As regards injury and causal link, the DI has made submissions as under:

- i. Examination of material injury is not a mere trend analysis between base year and POI and any conclusion reached based on such an analysis can be misleading and will not be objective. Increase or decrease in trend is not the only yardstick to measure injury. Examination of the economic situation of the DI should take into account events within the injury period and that 2013-14 should be ignored for the purpose of injury analysis.
- ii. The petitioner companies made sufficient and enough attempts at reaching out to other Indian producers. However, none of them responded despite several repeated attempts. The petitioners had also approached the concerned Administrative Ministry to provide information regarding the same. On the basis of market intelligence, the other producers

are not engaged in the production of the subject goods.

- iii. The cost and profits/losses of GCMIL have been considered as per normated capacity utilization as per project report. The data of GCMIL has not been considered at normated levels. The actual injury suffered by GCMIL is much higher than what has been taken for the purpose of analysis. Increased production and sale figures are because of the commencement of production by GCMIL. The price injury that is claimed is because of the dumped imports from the subject country.
- iv. Despite an increase of 7% in market share of the DI, it still remains miniscule despite having sufficient capacity to cater to the entire domestic demand whereas market share of imports remain significantly high. Imports increased in absolute terms, with significant increase during POI. Imports in relation to production and sales remain about 1000%. The market share of imports in demand was 93% in POI.
- v. Comparison of actual profitability from 2013-14 would not show the correct picture as one of the petitioner company had just recommenced production and that too at miniscule level. The Authority may consider profitability by considering overhead costs at normal production levels.
- vi. The landed price of imports is below the level of cost of sales, selling price and non-injurious price of the DI. Price undercutting has also increased. Landed price of imports declined in the POI without corresponding decline in cost of sales. The import price which was just below US\$ 500/MT in the beginning of injury period, increased to a level above US\$ 500/MT towards middle of 2013-14, when Chemicals India increased its production and sale. However, thereafter, prices declined steeply to a level as low as US \$ 320/MT. Decline in import price by about US \$ 180/MT is very significant in the nature of this product. Costs on account of raw materials have increased over this period. Chinese producers reduced their prices by about 40%, the sole cause of which is commencement of production by GCMIL and significant increase in production by Chemicals India.
- vii. The extent of price undercutting has increased in POI with the commencement of production by GCMIL; as seen from confidential data submitted with the Authority ROI decreased to abysmally poor levels in the POI. The profits and ROI have to be normatted appropriately for abysmally low production figures and then only a reasonable picture emerges.
- viii. Any abnormal cost for GCMIL on account of startup has been normated for the purpose of injury analysis. Alleged claims listing out various parameters from the annual report of GCMIL, are thus redundant.
- ix. Position of DI in the base year in comparison to the following years is not indicative of the situation of DI as only Chemicals India re-commenced production in the base year at a very minute level. Imports have had an adverse impact on the performance of the DI.
- x. Increase in volume parameters such as sales, production and utilization is because Chemicals India had only miniscule level of production in the base year and GCMIL started commencement in the POI thus showing natural increase in these parameters.
- xi. Production and sales is much below the optimum level despite DI having sufficient capacity to cater to domestic demand. Landed price of imports is significantly below the

- level of costs and selling price of DI causing adverse impact on the DI.
- xii. One of the petitioner company recommenced production from the base year and was expecting to increase production and sales and profitability however dumped imports prevented it from doing so. The import price declined significantly when GCMIL started production in the POI. This caused significant adverse effect on the prices of the DI.
 - xiii. Even with the normated cost, the DI shows significant losses in the POI. Blaming injury on start-up costs when stated repeatedly that normated costs have been taken for GCMIL is unwarranted. The exporters must answer the significant reduction in import prices.
 - xiv. All cost related parameters have been on a normated basis so that a fair and objective analysis takes place. The claimed injury is not due to abnormal increase in depreciation, wages or interest expenses.
 - xv. Price undercutting is the cause of injury and price underselling reflects the impact of dumped imports on the DI. Price undercutting led to significant adverse effect on profits, cash profits and ROI.
 - xvi. Significant level of price undercutting resulted into price suppression/depression effect on the domestic prices and has resultantly forced the DI to keep selling price much below the level of normated costs (and not actual costs) resulting into financial losses. Low priced imports at significant level captured significant portion of the legitimate share of the DI in the market. Imports have clearly caused injury to the DI.
 - xvii. The inventories too of DI have increased substantially over the injury period. In the post-POI period, the inventory has increased to almost 600 MT.
 - xviii. The production and sales of DI in the base year was close to zero, and hence any increase thereafter would show a massive jump in the production and sales of the DI in indexed terms.
 - xix. Information as submitted after normating the costs shows that cost of sales have increased throughout the injury period whereas selling price has declined. Landed price of imports has declined sharply in the POI and is below the level of costs and selling price of DI. Imports are having significant depressing effect on the prices of the DI. Price underselling is not a parameter laid down under law indicating injury.
 - xx. The imports constitute 93% of the demand and there is no evidence of production of the subject goods by any other producers other than the DI.
 - xxi. The NIP for GCMIL can be determined at the level of normated production. The DI fails to understand the logic behind optimized cost for price undercutting analysis as it involves the difference between landed price of imports and selling price. In any case the cost of sales provided by the DI is normated.

F.2 Views of Other Interested Parties

- 33. Submissions made by the other interested parties are as under:
 - i. Sales of other domestic producers which are useful for calculating the market share and assessing the injury suffered by the Petitioners on account of the other domestic producers

- is absent.
- ii. DI has claimed material injury for both the companies in the present investigation in order to camouflage the start-up costs and losses suffered by GCMIL; the fact that GCMIL has recently started production has been selectively used as per the convenience of the petitioners, however, while assessing price injury, the Petitioners have strategically not dealt with the issues with respect to increased costs and initial losses suffered by GCMIL
 - iii. The market share of the Petitioners has increased to 7% in the POI as compared to the base year.
 - iv. The profitability of the Petitioners has been declining rapidly from 2014-15. The profitability when compared to the base year, declined by 69 index points in 2014-15, while landed price actually increased by 1 index point during the same period.
 - v. If price undercutting did affect the Petitioners, there should have been a drastic decline in the return of investments in the POI when compared to the base year which was not the case in the present factual matrix. [ROI is in the same range for the entire injury period]
 - vi. GCMIL's commencement of production since the POI has led to the Petitioners showing injury. This injury is due to the high costs and losses that are reflected in financial indicators such as financial costs, short term borrowing, and trade payables
 - vii. DI has provided selective injury information and with a significant variance for many injury parameters in latest file as compared to original file, due to which, respondents cannot provide any meaningful comments
 - viii. DI has not suffered injury in following parameters – capacity utilization, production and capacity have significantly increased during injury period; domestic sales and market share witnessed a massive rise and reflects no injury to industry; wages and no. of employees have been held confidential, since production has increased these parameters also have increased; productivity information is confidential, since production has increased this must have also improved; the correct way to analyze the inventories is to compare the closing inventories with the domestic sales made by the DI as laid down by the Hon'ble CESTAT in the case of *Bridge Stone Tyre Manufacturing (Thailand) Vs. DA 2011 (270) E.L.T. 696 (Tri. - Del.)*; No adverse impact on the Growth of the DI.
 - ix. No price injury as DI began producing during injury period and thus, will make lower price for product only; same has not been impacted by imports. Also market share of subject country imports declined in injury period
 - x. Increase in cost of depreciation, wages and interest has been due to purchase of new machinery from high investment not due to subject country imports; the impact of increase in capacity on the cost of the DI is also required to be analyzed when there is an increase in capacity as laid down by the WTO Panel in China-Grain Oriented Flat-Rolled Electrical Steel from US
 - xi. Increase in imports is not a factor of injury as sales of the DI have increased over the injury period; no conclusion of injury can be drawn on the basis of price undercutting and price underselling as both are not factors of injury
 - xii. The inventories of DI have declined; increase in production, sales and market share is unprecedented

- xiii. No evidence of price effect by imports and there was no evidence that DI is experiencing injury hence, no causal link. Injury due to increase in costs and enhancement of capacity and *inter-se* competition.
- xiv. DI has failed to provide data substantiating the claim of injury and economic parameters such as net sales realization, actual and potential negative effects on cash flow, wages, growth, ability to raise capital investments
- xv. Sales and production of the subject goods by DI have increased at a rate which is higher than increase in demand whereas the imports have not increased as much in comparison
- xvi. There is no price suppression/depression as cost of sales declined and there is no claim for price underselling
- xvii. DI facing inter-se competition in terms of price of the subject goods and the same is evident from lack of participation of other producers.
- xviii. NIP could be determined by considering data from other producers than M/s Gujarat Credo Mineral Industries Ltd. Alternative analysis of the same should be done. Cost of production being high on account of start-up cost, the Authority is requested to adjust the cost of production and NIP so as to arrive at fair determination of price undercutting.

F.3 Examination by the Authority

- 34. The Authority has taken note of the submissions made by the interested parties and also the DI. The Authority has examined the injury to the DI in accordance with the Antidumping Rules and considering the submissions made by the other interested parties appropriately.
- 35. The injury analysis by the Authority hereunder addresses the various submissions made by the interested parties. This includes correction of a minor calculation error, as was pointed out in the comments on the Disclosure Statement issued earlier.
- 36. For the examination of the impact of the imports on the DI in India, the Authority has considered such indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping etc. in accordance with Annexure II(iv) of the Rules *supra*.
- 37. In consideration of the various submissions made by the interested parties in this regard, the Authority proceeds to examine the current injury, if any, to the DI before proceeding to examine the likelihood aspects of dumping and injury on account of imports from the subject countries.

F.3.1 Volume Effect of Dumped Imports and Impact on Domestic Industry

(a) **Demand and Market Share**

38. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of the Indian producers and imports from all sources. The demand so assessed is given in the table below.

Particulars	Units	2013-14	2014-15	2015-16	POI-A
Demand					
Sales of DI	MT	***	***	***	***
Sales of Other Indian Producers	MT	-	-	-	-
Imports from Subject Countries	MT	24,929	25,927	31,022	31,809
Imports from Other Countries	MT	54	77	53	75
Total Demand/Consumption	MT	***	***	***	***
Market Share in Demand					
Sales of DI	%	0%	1%	4%	7%
Sales of Other Indian Producers	%	0%	0%	0%	0%
Imports from Subject Countries	%	100%	99%	96%	93%
Imports from Other Countries	%	0%	0%	0%	0%
Total Demand/Consumption	%	100%	100%	100%	100%

39. The Authority notes that the demand for the PUC has increased throughout the injury period. Major share of market is being held by imports from subject country. The share of the DI in the demand is in minority, despite sufficient capacities with the DI, due to dumping in the Country.

(b) **Import Volumes and Share of Subject Country**

40. With regard to volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports either in absolute terms or relative to production or consumption in India. The volume of imports of the subject goods from the subject country has been analyzed as under:

Particulars	Units	2013-14	2014-15	2015-16	POI-A
Volumes					
Subject Country	MT	24,929	25,927	31,022	31,809
Other Countries	MT	54	77	53	75
Total Imports	MT	24,983	26,004	31,076	31,884
Market Share in Imports					
Subject Country	%	99.78	99.70	99.83	99.77
Other Countries	%	0.22	0.3	0.17	0.23
Total Imports	%	100	100	100	100

Particulars	Units	2013-14	2014-15	2015-16	POI-A
Subject Country Import in Relation to Indian Production	%	830970	9804	2320	1336
Subject Country Import in Relation to Consumption	%	100	99	96	93
Subject Country Import in Relation to Total Imports	%	100	100	100	100

41. It is noted that the import volume from subject country has increased throughout the injury period in absolute terms and have registered significant increase in the POI. Imports from other countries are negligible throughout the injury period.
42. Imports in relation to Indian production and consumption have declined in view of the commencement of production by GCMIL in the POI and recommencement of production by Chemicals India.

F.3.2 Price Effect of Dumped Imports and Impact on Domestic Industry

43. With regard to the effect of the dumped imports on 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 prices or prevent price increases, which otherwise would have occurred, in normal course. The impact on the prices of the DI on account of the dumped imports from subject countries has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis the cost of production, Net Sales Realization (NSR) and the Non-Injurious Price (NIP) of the DI have been compared with the landed price of imports from subject country.

(c) Decline in Import Price

44. One of the petitioners commenced commercial production w.e.f. June 2016 whereas the other producer had negligible production till 2013-14, while low production in 2014-15. It is seen from the import price of the product over the injury period that the import price started declining in 2015-16, with steep decline in the POI. The decline in the price in US\$ was steeper. Petitioners contended that the only reason for this steep decline in the import price was the commencement of production in India.

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Landed Price of Imports	Rs./kg	32.65	33.03	31.18	24.52
	<i>Index</i>	<i>100</i>	<i>101</i>	<i>96</i>	<i>75</i>
	US\$	0.48	0.49	0.46	0.36
	<i>Index</i>	<i>100</i>	<i>101</i>	<i>96</i>	<i>75</i>

(d) Price Undercutting

45. In order to determine whether the imports are undercutting the prices of the DI in the market, the Authority has compared landed price of imports with net sales realization of the DI as below. In this regard, a comparison has been made between the landed value of the product and the average selling price of the DI net of all rebates and taxes, at the same level of trade. The prices of the DI were determined at the ex-factory level.

Particulars	Unit	POI-A
Landed Price of Imports	Rs./MT	24,522
Net Selling Price	Rs./MT	***
Price Undercutting	Rs./MT	***
Price Undercutting	%	***
Price Undercutting	Range	10-20%

46. It is seen that the landed price has been below the net selling price of the DI. Thus imports are undercutting the prices of the DI

(e) Price Underselling

47. The Authority has also examined price underselling suffered by the DI on account of dumped imports from subject country. The same can be seen below:

Particular	China	
	Rs/MT	US\$/MT
Non Injurious Price (NIP)	***	***
Landed Price	24,522	363.56
Price Underselling	***	***
Price Underselling (%)	***	***
Price Underselling (Range %)	40-50%	

48. It is seen that the DI has suffered significant price underselling on account of imports of the subject goods from the subject country.

(f) Price Suppression and Depression Effects of the Dumped Imports

49. 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 prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority considered the changes in the costs and prices over the injury period. In view of the fact that GCMIL came into existence in the POI and thus the actual cost will not be representative, the Authority has normated the cost based on the capacity

utilization projected by the said producer as observed from the Project Report. The position is shown as per the table below:

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Cost Of Sales	Rs./kg	***	***	***	***
<i>Index</i>		<i>100</i>	<i>103</i>	<i>106</i>	<i>108</i>
Selling Price	Rs./kg	***	***	***	***
<i>Index</i>		<i>100</i>	<i>97</i>	<i>99</i>	<i>93</i>
Landed Price of Imports	Rs./kg	***	***	***	***
<i>Index</i>		<i>100</i>	<i>101</i>	<i>96</i>	<i>75</i>

50. It is seen that the cost of sales has increased over the injury period whereas the selling price of the DI has declined. The selling price is below the level of cost of sales. It is further noted that landed price of imports have declined steeply in the POI and are much below the level of selling price and costs of production of the DI. Further, whereas the cost of production of the DI increased, its selling price declined. The imports are causing significant price depression and suppression in the domestic market.

F.3.3 Examination of Economic Parameters Relating to Domestic Industry

51. Annexure II to the AD Rules requires that the determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to consequent impact of these imports on domestic producers of such products, the AD Rules further provide that the examination of the impact of the dumped imports on the DI should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.

52. Accordingly, various economic parameters of the DI are analyzed herein below:

(a) Production, Capacity, Capacity Utilization and Sales

53. The performance of the DI with regard to production, capacity, capacity utilization and sales are as follows:

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization	%	***	***	***	***
Sales	MT	***	***	***	***

54. The capacity with the DI increased in the POI with the commencement of production by one of the domestic producer, i.e., GCMIL. Production and sales have shown some increase over the injury period as a consequence of commencement of production by one of the DI and recommencement of production by other domestic producer. Chemicals India provided information with regard to its production since 2013-14 and submitted that the company has restricted its production due to Chinese dumping. The company had earlier been producing and selling in the domestic market. However, they reduced their production significantly, with reduction in the prices of the Chinese producers during 2007-08. Thereafter, as the price increased once again in 2013-14, the company recommenced its production. However, production level of both the domestic producers are still at fairly low levels. Despite sufficient demand and establishment of capacity by the new producer, the DI is not operating at its optimum level.

(b) Market Share in Demand

55. The effects of the dumped imports on the market share of the DI have been examined as below.

Particulars	Units	2013-14	2014-15	2015-16	POI-A
Market Share in demand					
Sales of DI	%	0%	1%	4%	7%
Sales of Other Indian Producers	%	0%	0%	0%	0%
Imports from Subject Country	%	100%	99%	96%	93%
Imports from Other Country	%	0%	0%	0%	0%
Total Demand/Consumption	%	100%	100%	100%	100%

56. It is noted that the market share of the DI has marginally increased while that of the subject country has marginally declined. This is in view of the fact that M/s Chemicals India recommenced the production in 2014-15 and GCMIL started production in the POI. It is seen that share of the DI in the market is just 7% as against the share of the imports which constitutes 93% in the POI despite having an installed capacity that could supply up to 55% of the domestic demand.

(c) Inventories

57. It is seen that the average inventory levels of the DI have increased over the injury investigation period. However, the inventory levels with the DI were still quite low considering the demand in India and sales of the DI. The DI also submitted that the inventory levels with the DI increased very significantly in the post-POI period and the inventory levels with the DI were low only because restriction on production.

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Opening	MT	-	***	***	***
Closing	MT	-	***	***	***
Average	MT	-	***	***	***

(d) **Profits, Return on Investment and Cash Flow**

58. Performance of the DI with regard to profit, return on investment and cash flow is as follows:

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Profit/(Loss)	Rs./Kg	***	***	***	(***)
<i>Trend</i>		<i>100</i>	<i>31</i>	<i>19</i>	<i>(69)</i>
Profit/(Loss)	Rs.Lacs	***	***	***	(***)
<i>Trend</i>		<i>100</i>	<i>2687.5</i>	<i>9225</i>	<i>(53962)</i>
Cash Profit	Rs.Lacs	***	***	***	***
<i>Trend</i>		<i>100</i>	<i>2411</i>	<i>8833</i>	<i>237466</i>
Return on Capital Employed	%	***	***	***	***
<i>Trend</i>		<i>100</i>	<i>2350</i>	<i>4867</i>	<i>8.33</i>

59. In view of the fact that GCMIL came into existence in the POI and thus the actual cost will not be representative, the Authority has normated the cost based on the capacity utilization projected by the said producer as observed from the Project Report.

60. It is seen that profitability of the DI has declined and the DI is incurring substantial losses in the POI. The cash flow has improved over the injury period. The return on capital employed was low and remains barely positive in the POI. Return on capital employed declined in the POI once again after improving in 2015-16.

(e) **Productivity**

61. It is seen that productivity in terms of productivity per day as well as per employee, has increased over the injury period, which is in line with the movement of production. However, despite this improvement in productivity, profitability declined.

Productivity	UOM	2013-14	2014-15	2015-16	POI-A
Per Employee	Nos	***	***	***	***
Per Day	Nos	***	***	***	***

(f) **Employment and Wages**

62. It is seen that the employment with the DI and the wages paid have increased over the injury investigation period.

Particulars	UOM	2013-14	2014-15	2015-16	POI
Employment	Nos	***	***	***	***
Wages	Rs. Lacs	***	***	***	***

(g) Growth

63. The growth of the DI in terms of volume parameters has been positive in view of commencement of production by GCMIL, while growth in terms of price parameters is negative. However, even in respect of volume parameters, the growth was far below what could have been the growth, given the capacities created in India, demand for the product and capacity utilization achieved by the DI in the past.

Growth	UOM	2013-14	2014-15	2015-16	POI-A
Production	%	-	8,715	406	78
Capacity Utilization	%	-	4	15	(5)
Domestic Sales Quantity	%	-	8,698	407	76
Selling price per unit	%	-	-3.02	2.23	-6.23
PBT per unit	%	-	-69.17	-32.45	-432.62
ROCE	%	-	2268	107	-100

(h) Ability to Raise Capital Investment

64. The Authority observes that the DI recently made investments, which are performing very adversely.

(i) Level of Dumping & Dumping Margin

65. It is seen that imports from the subject country are entering at dumped prices and that the margin of dumping is significant.

(j) Factors Affecting Domestic Prices

66. The examination indicates that there is a healthy demand in India for the subject goods. The landed value of subject goods from subject country is below non injurious price, cost of sales and selling price of the DI. It is also observed that imports from other countries are almost non-existent. Thus, factor affecting the domestic prices are primarily the import prices.

(k) Magnitude of Injury and Injury Margin

67. The non-injurious price of the subject goods produced by the DI as determined by the Authority in terms of Annexure III to the AD Rules has been compared with the landed value of the imports from the subject country for determination of injury margin during the POI and the injury margin so worked out is as under:

Injury Margin Table

Particular	M/s Inner Mongolia Risheng Recycling RCL		Chalco Zibo International Trading Co. Ltd		Chalco Qingdao International Trading Co. Ltd		All Other Producers/ Exporters	
	Rs/MT	US\$	Rs/MT	US\$	Rs/MT	US\$	Rs/MT	US\$
Non Injurious Price (NIP)	***	***	***	***	***	***	***	***
Landed Price	24,582.83	364.46	24,471.66	362.81	24,360.73	364.52	21,631.05	320.70
Injury Margin	***	***	***	***	***	***	***	***
Injury Margin (%)	***		***		***		***	
Injury Margin (Range%)	40-50%		40-50%		40-50%		60-70%	

(I) Other Known Factors & Causal Link

68. Having examined the existence of continued injury, volume and price effects of dumped imports on the prices of the DI, in terms of its price undercutting and price suppression and depression effects, other indicative parameters listed under the Indian Rules and Agreement on Antidumping have been examined by the Authority herein below to see whether any factor, other than the dumped imports, could have contributed to the injury suffered by the DI.

i) Volume and Prices of Imports from Third Countries

69. It is seen that imports from other countries are almost non-existent and, hence are not causing injury to the DI.

ii) Contraction of Demand

70. There has been an increase in demand throughout the injury investigation period and thus the same cannot cause any injury to the DI.

iii) Changes in the Pattern of Consumption

71. The pattern of consumption with regard to the PUC has not undergone any change. Therefore, changes in the pattern of consumption cannot be considered to have caused injury to the DI.

iv) Developments in Technology

72. Technology for production of the product concerned has also not undergone any change. Thus, developments in technology cannot be regarded as a factor causing injury to the domestic injury.

v) Conditions of Competition and Trade Restrictive Practices

73. There is no trade restrictive practice in place.

vi) Export Performance of the Domestic Industry

74. The performance of the DI and injury thereto has been examined with respect to the domestic performance to the extent possible. No export sales were made by the DI throughout the injury investigation period and so the same is not a possible cause of injury to the DI.

vii) Performance of Other Products Produced and Sold by Domestic Industry

75. The performance of other products being produced and sold by the DI has not affected the assessment made by the Authority of the DI's performance. The information considered by the Authority is with respect to the PUC only.

viii) Productivity of the Domestic Industry

76. The Authority notes that the productivity of the DI has followed the same trend as production and shows increase. Deterioration in productivity is not a cause of injury to the DI.

G. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

77. The Authority has noted the concerns expressed by the user industry and importers. Given that the purpose of Antidumping duties, in general, is to eliminate injury caused to the DI 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, the Authority feels that creation of a balanced and equitable environment for both the manufactures; exporters; importers and users is in all-round interest.

H. POST DISCLOSURE COMMENTS

H.1 Views of the Domestic Industry

78. Post disclosure submissions made by the DI are as follows:

- i. Chemicals India is not a new producer and commenced production in 1992. Unfairly priced imports led to the company ultimately stopping production in 2008-09. Upon normalization of prices it resumed production however, as it increased production the import volumes from the subject country increased at lowered prices despite the increase in costs.
- ii. GCMIL is a joint venture between a state owned PSU and a public limited enterprise set up for the purpose of mineral development in the state. The plant was set up in an

underdeveloped are to boost socio-economic development in the region. Production began in 2016 but it leads to lowered prices of the subject imports thereby forcing it to lower its prices in the year of commencement only

- iii. In the absence of any MET Questionnaires to determine normal value, it has been rightly noted that China cannot be given market economy treatment. Because of failure to disclose vital information, such as name of their related parties, details of their related party producing product under consideration, suppression of facts regarding benefits & incentives received by them, the responses should be rejected. The related parties of the exporters involved in the production and sale of subject goods have also not participated.
- iv. Awarding two dumping margin/injury margin ranges in the name of two different channels gives an undue, unintended leverage to the producer to attract a duty lower. Anti-dumping duty for the common producer should collapse and there should be one unique duty for every producer and one unique duty for every exporter.
- v. Despite the increase in demand throughout the injury investigation period, the majority share of the market is held by the subject imports even when the DI has sufficient capacity.
- vi. Import volumes have increased in absolute terms while in relation to production and consumption have declined because of commencement of production by GCMIL and recommencement of business by Chemicals India yet remain significant in relative terms as well, 1336% of Indian Production and 93% of Indian consumption.
- vii. Landed price has declined since 2014-15 and showed a significant decline in the POI. Declining prices are a result of commencement of business by GCMIL and recommencement by Chemicals India. The cost of raw materials increased during this period. Normated Data as considered by the Authority also shows injury.
- viii. GCMIL Plant was operational in POI which shows addition of capacity resultantly showing increased production and sales. Despite increased production and sales, production for the DI is at fairly low levels.
- ix. Even when the optimum production is considered there would have been immense inventories accumulated and the optimum production should not be considered only for NIP purposes but for all other purposes as well. The inventories have further increased in the post POI period.
- x. Even with the normated costs there has been significant decline in profitability and DI is suffering from substantial losses and barely positive ROCE.
- xi. Fixed form of anti dumping duty is required to be imposed for a period of five years expressed in US/MT.

H.2 Views of the other Interested Parties

79. Post disclosure submissions made by other interested parties are as follows:

- i. The Authority has disclosed the landed prices of the goods exported by Chalco and the other responding parties but has not disclosed the aggregate NIP of the DI and the non-confidential version of various economic parameters such as inventory, wages, productivity, capacity, production, sales, capacity utilization neither in indexed nor in

percentage terms. The Authority is requested to disclose the all economic parameters of DI in indexed terms such that it does not hamper the ability of the respondents to make meaningful comments.

- ii. The landed value and the subsequent injury margin for the non-participating producers should be done on the basis of the DGCI&S data, however, the Authority has considered responding exporter's price.
- iii. It has been wrongly determined that the petitioners are the only producers of the subject goods in the country. As per information obtained from the RTI Act and from its corporate presentations, it is shown that NALCO is engaged in the production of detergent grade Zeolite. Since the Authority has the power to seek information from other ministries, the same may also be done for seeking necessary information from the Ministry of Mines.
- iv. NALCO has certain advantages over other Indian producers such as raw material advantage, same facility for alumina and zeolite 4A production, state of the art production facility which is resulting in lower cost of production by NALCO as compared to the petitioners. It should be examined if the injury to the petitioners is because of obsolete process and competition with NALCO.
- v. The Authority has not used the methodology for determination of normal value as laid out in *Shenyang Mastsushita S. Battery Co. Ltd. vs. Exide Industries Ltd.* The practice of the Authority of considering the normal value on the basis of the DI's cost of production is inconsistent with the practice followed by other WTO Members.
- vi. Since GCMIL only commenced production in the POI, it can only claim material retardation and not material injury. And since it is a new producer, the Authority should determine the NIP only after exclusion of data of GCMIL. The financial costs and other such costs have only increased because of commencement of production. Reference in this regard is laid on the FF issued in the case of SBR wherein the determination of the NIP was on the basis of the data of the established producer alone.
- vii. The Authority has evaluated the economic parameters of the DI in a contradictory manner as at one place it has been noted that Chemicals India commenced production in 2014-15 and that GCMIL commenced production in the POI while at another place it has been noted that Chemicals India provided information on production since 2013-14. The base year in the investigation period cannot be excluded on the grounds of low production volumes.
- viii. The price undercutting has been examined by the Authority for the POI but as per the practice of the Authority it has to be examined for the entire injury investigation period. As regards the claims of the DI regarding an increase in cost in the POI, the price of inputs soda ash and bauxite does not reflect this claimed price rise.
- ix. Widening of scope of PUC by including various codes within chapter 38 and 28 has been sought for without providing any sufficient evidence.
- x. Petitioners had submitted in their written submissions that product under consideration falls under Chapter 38 of the Customs Tariff Act, 1975. The subject goods were classified under customs sub-heading 38249022 at the time of filing of petition; but the classification has thereupon changed to 38249922. Further transaction wise segregation of imports

shows that subject goods are being imported under various codes. The investigation is product under consideration specific and not HS Code specific. HS Codes are only indicative and not binding on the scope of PUC.

- xii. The Authority is requested to clarify what factors have been considered while normating the costs of DI and disclose the calculation on a non-confidential basis.
- xiii. The normal value and export prices be calculated on the basis of the information filed by the cooperating exporters and producers. The Authority is requested to disclose the ranges/indexed figures considered for cost of production, SGA etc.
- xiv. The analysis of market shares or the capacity utilization otherwise than the increase or decrease in these factors is not mandated to be carried out as per Annexure II. Both the market share and capacity utilization have significantly improved over the injury period. Analysis of sufficient utilization of capacity is not relevant and so no injury can be recorded for these parameters. Since production, sales and market share have increased significantly from the base year till the POI no injury can be recorded on these factors.
- xv. Price undercutting and price underselling are not the factors of injury as has been laid down by the Hon'ble CESTAT in the case of *Bridge Stone Tyre Manufacturing (Thailand) Vs. DA 2011 (270) E.L.T. 696 (Tri. - Del.)*.
- xvi. No reasons or analysis has been recorded for the increase in the cost of the DI. It only increased because of their inefficiency and losses. There is no analysis as to how the performance of the DI improved despite of subject imports.
- xvii. Analysis of inventory on basis of average inventory is incorrect as it ought to be made on basis of closing inventory as percentage of sales/production. It will indicate that the inventories of the DI have significantly come down over the injury period
- xviii. There is a significant difference between the dumping margin for Risheng Gerkwinn group and other exporters. There ought to be a significant difference in the injury margin for the same as prices of Risheng Gerkwinn group are higher than the prices of other exporters. It is requested that the same may be rechecked.

H.3 Examination by the Authority

80. The post disclosure submissions have been received from the interested parties. The issues raised therein have already been raised earlier during the investigation and also addressed appropriately. However, for the sake of clarity the submissions by the interested parties are being examined as below:

- i. As regards disclosure of data, the Authority notes that confidential information cannot be disclosed in the public document. The Authority has already disclosed non confidential version of the information, to the extent feasible in the Disclosure Statement, issued earlier, and in the present findings. Further, the Authority has already given a detailed analysis which also enabled the interested parties to understand the substance of information provided on confidential basis and so adopted by the Authority.
- ii. As regards margins for the non-responding exporters, the same have been determined as

per Rule 6(8) and past practise of the Authority. In case of non-cooperating exporter, the Authority can consider import price after evaluation of DGCI&S import data and questionnaire response of the exporter. In fact, it is found that the DGCI&S data in fact shows imports at even lower price.

- iii. As regards production by NALCO, the Authority reiterates that the investigation has shown that NALCO has not produced the product during the POI. The Company has confirmed to the Authority that production of Zeolite-4A from by NALCO had been stopped from first week of Dec-2013. The company has claimed that its production was stopped mainly due to low marketability as the mineral Zeolite supplied from other countries were much cheaper than theirs. While the reason cited by the company was not separately verified by the Authority, nonetheless, NALCO has not produced the PUC during the period of investigation of this case.
- iv. As regards consideration of appropriate market economy third country, the Authority notes that none of the interested parties suggested any market economy third country which could be considered for determination of normal value. While the petitioner contended that no public information was available in this regard, the interested parties also did not provide any useful information. The Authority is therefore constrained to resort to “any other reasonable basis”, i.e., construction of normal value as permitted under law.
- v. As regards the contention concerning inclusion of GCMIL for the purpose of injury and injury margin determination, the Authority notes that the present decision is consistent with the past determinations on this account. GCMIL has commercially started producing and selling the subject goods in the POI from the month of July 2016 and was commercially in operation for 12 months of the POI out of 15 months (April 2016-June 2017). In the SBR Case, Reliance had declared commercial production only in the post POI. As regards possible higher cost of the company, the NIP has been determined considering the normated cost on account of commencement of production by GCMIL.
- vi. It is clarified that Chemicals India had negligible production in 2013-14 and low production in 2014-15. The base year has not been excluded for injury examination. However, the costs have been appropriately normated for Chemicals India on account of low production in the base year and the cost of GCMIL has been normated for the POI on account of commencement of production by the company.
- vii. As regards determination of price undercutting for the injury period, the Authority notes that the law requires analysing the price undercutting in the POI. The law does not require determination of price undercutting over the entirety of the injury period. While the increase in imports and price depression/suppression is required to be determined over the injury period, dumping margin, price undercutting and injury margin are determined only for the POI.
- viii. As regards inclusion of Customs classifications, it is clarified that petitioners had submitted in their written submissions that product under consideration falls under Chapter 38 of the Customs Tariff Act, 1975. The subject goods were classified under customs sub-heading 38249022 at the time of filing of petition; but the classification has

thereupon changed to 38249922. Further transaction wise segregation of imports shows that subject goods are being imported under various codes. The investigation is product under consideration specific and not HS Code specific. HS Codes are only indicative and not binding on the scope of PUC. It is also noted that one of the purpose of the investigations is to identify the article liable for ADD and the customs classification of the same.

- ix. It is clarified that given the fact that one of the petitioner company commenced production in the POI while the other recommenced production in the base year of the injury investigation period and to examine the effects of the dumped products on the DI the costs of the DI have been appropriately normated. Being a new company and because of absence of any data of the previous years, the costs for GCMIL have been taken on the projection basis considered before commencement of the project wherein an optimal target of 70% utilization of the capacity was set considering the demand of the product in the country.
- x. As regards the contentions of the other interested parties that project reports are only assumptions and do not reflect a true picture, the Authority considers that whereas costs and investments of such magnitude are involved in a business, the company proceeds after due market research and intelligence, and after ascertaining viability of the product on the basis of feasibility and viability studies. Such feasibility and viability studies cannot be brushed aside. In any case, it has not been established that the such feasibility and viability studies are unrealistic in the present case.
- xi. As regards normation of costs for Chemicals India, it is clarified that the costs have been normated considering the utilization levels achieved in 2015-16 and considering the same to be optimum levels.
- xii. As regards increase in costs of the DI, it is noted that the raw materials costs have increased in this period and there is no evidence of inefficiencies on the part of the DI.
- xiii. Analysis of inventories by considering separately closing and opening inventories shows that the closing inventories are in fact higher than opening inventories.
- xiv. The dumping margin and injury margin for the responding exporters have been rechecked for the alleged difference in the same in terms of range of these. The same have been correctly reflected in these findings.

I. RECOMMENDATION

- 81. The Authority, considering the aforesaid notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and the causal link thereof in terms of the AD Rules and having established positive dumping margins as well as material injury to the DI caused by such dumped imports, the Authority is of the view that imposition of Antidumping duty is required to offset dumping and injury. Therefore, Authority considers it necessary and recommends anti-dumping duty on imports of subject goods from subject countries in the

form and manner described hereunder.

82. With regard to duty structure, keeping into account the factual matrix of the case and having regard to contentions raised, information provided and submissions made by interested parties, it is deemed appropriate to recommend fixed form of anti-dumping duty denominated in US\$. Further, having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of Antidumping duty equal to the lesser of margin of dumping and margin of injury for a period of five (5) years, so as to address the injury to the DI. Accordingly, Antidumping duty equal to the amount indicated in Col 7. of the table below is recommended to be imposed on all imports of subject goods originating in or exported from China PR:

Duty Table

S.N.	Heading/ Subheading*	Description of Goods	Country of Origin or Export	Producer	Exporter	Duty Amount (USD/MT)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	38249922 38249090 38249990 28429090 28269000 28399090 28421000	Zeolite 4A (Detergent Grade)	China PR	Inner Mongolia Risheng Recycling Resource Co. Ltd (IMRRRCL)	Tianjin Gerkwin International Trading Co. Ltd. (TGITCL)	163.96
2	-do-	-do-	China PR	Chalco Shandong Advance Material Co. Ltd. (CSAMCL)	Chalco Zibo International Trading Co. Ltd (CZITCL);	165.61
3	-do-	-do-	China PR	Chalco Shandong Advance Material Co. Ltd. (CSAMCL)	Chalco Qingdao International Trading Co. Ltd (CQITCL)	163.90
4	-do-	-do-	China PR	Any other than serial No. 1 to 3 above.		207.72

** Custom classification is only indicative and the determination of the duty shall be made as per the description of PUC. The PUC mentioned above should be subject to above ADD even when it is imported under any other HS code.*

83. The duty rates as recommended above are applicable for exports by specified producer and exporter mentioned therein. The Customs should verify the name of the producer at

the time of clearance of subject goods. Request for change in the name of a notified exporter will be considered by the Authority in accordance with the procedure laid down in Trade Notice No. 12/ 2018 dated 17th September 2018.

84. The landed value of imports for this purpose shall be the assessable value as determined by the customs under Customs Tariff Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.
85. An appeal against the order of the Central Government arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)
Additional Secretary & Director General