

F.No.14/11/2013-DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti Dumping & Allied Duties)
Jeevan Tara Building, 5, Parliament Street
New Delhi 110001

Date: 4th March, 2015

Final Findings

Sub: Anti-dumping investigation concerning imports of Electrical Insulators originating in or exported from China PR – Final Findings

No14/11/2013 DGAD: Having regard to Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules thereof, as amended from time to time (hereinafter referred to as the AD rules).

A. ROCEDURE

1. The procedure described below has been followed.
 - a. The Designated Authority (hereinafter referred to as the “Authority”), under the above Rules, received a written application from Aditya Birla Nuvo Ltd. (‘Aditya Birla’), Bharat Heavy Electrical Limited (‘BHEL’), Insulators and Electrical Company (‘IEC’), Modern Insulators Limited (‘Modern’) and WS Industries (India) Ltd. (‘WSI’) (hereinafter referred to as the “applicants”) as domestic industry of the subject goods, alleging dumping of Electrical Insulators (hereinafter also referred to as subject goods) originating in or exported from China PR (hereinafter referred to as the “subject country”) and resultant injury to DI.
 - b. Preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the applicants. The applicants filed an updated petition, which was considered by the Authority for initiation of investigations. The application was, therefore, considered as properly documented.
 - c. The Authority, on the basis of sufficient evidence submitted by the applicants to justify initiation of the investigation, decided to initiate the investigation against imports of the subject goods from the subject country.
 - d. The Authority notified the Embassy of the People’s Republic of China in India about the receipt of application before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the AD Rules.
 - e. The Authority issued a public notice dated September 5th, 2013 published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of the subject goods from the subject country.
 - f. The Authority forwarded a copy of the public notice to all known exporters (whose details were made available by the Applicants) and industry associations and

gave them opportunity to make their views known in writing in accordance with the Rule6(2)of the AD Rules.

- g. The Authority also forwarded a copy of the public notice to all the known importers of the subject goods in India and advised them to make their views in writing within forty days from the date of the letter.
- h. The Authority provided a copy of the non-confidential version of application to the known exporters and the Embassy of the People’s Republic of China in India in accordance with Rule6(3) of the AD Rules. A copy of the Application was also provided to other interested parties, wherever requested.
- i. The Authority sent questionnaires to elicit relevant information to the following known exporters in the subject country in accordance with Rule6(4)oftheADRules:

Hunan LilingHuaxin Porcelain Insulator & Electric Apparatus Co.Ltd. Pukou Industrial Park, Liling, Hunan, China PR	Dalian Insulator Co.Ltd. 88, East Liaohe Road, DD Port, Dalian – 116600, China PR
NGK Insulators Tangshan Co.Ltd. Tangshan New & High Technology Development Zone 3, Huoju Road, 188, Hebei – 063020, China PR	Xian XD High Voltage Porcelain Insulator Company Limited Daqing Road, Xian, Shaanxi-710077 China PR
NGK Ceramics Suzhou Co.Ltd. & NGK Technocera Suzhou New District Jaingsu – 215129, China PR	NGK Insulators Suzhou Co.Ltd. 401, Jianlin Road, Suzhou New District, Jiangsu – 215151, China PR
China Electro-Ceramic Imp. & Exp. 3/F, Unit 05 No.333 Hongwu Rd. Nanjing, 210002 China PR	MWB (Shanghai) Co.Ltd. (Trench China) No.3658, Jiancheng Road, Economic & Technological Developing Zone, Minhang/Shanghai, China PR
Trench High Voltage Products Ltd., Shenyang (THVS) No2.Zhengiliang Er Rd, Jing Shen Xi San Str., Daoyi Economic Development Zone 110135 Shenyang, China PR	Hunan LilingGuolian Porcelain Insulator 13/F, TianxinHauting Building, 48 Caie Road 410005, Changsha, Hunan, China PR
Nanjing Electric Group Co., LTD 63 Taixin Road Nanjing City, Jiangsu Province, China 210038	SevesSediver Insulator (Beijing) Co., Ltd. 7th Floor No.2 Building, China Central Place, 79 Jianguo Road Chaoyang District, Beijing 100025 – China
Zigong Sediver Toughened Glass Insulator Company Ltd. 162 Hutou St., Gongjing District Zigong, 643020 China	Yibin Global Group Co.Ltd. Glass Industrial Park, YibinWullangye Group, Sichuan 644007, China

- j. In response to the initiation notification, the following exporters/producers from China have responded:
- Nanjing Electric (Group) Co Ltd
 - Zigong Sediver Toughened Glass Insulator Co. Ltd.
 - Sediver Insulators (Shanghai) Co. Ltd.
 - Dalian Insulator Group Co. Ltd.
 - LilingHuaxin Insulator Technology Co., Ltd
 - LilingHuacheng Insulators Co., Ltd.
 - Sichuan Yibin Global Group Co., Ltd.
 - Chengdu Global Special-Glass Manufacturing Co., Ltd.
 - Sediver S.A. (France)
- k. Further China Chamber of Commerce for Import & Export of Machinery & Electronic Products (“CCCME”) has also filed submissions on initiation notification.
- l. Questionnaires were sent to the following known importers/users of subject goods in India calling for necessary information in accordance with Rule6(4)of the AD Rules:

M/s.Crompton Greaves Ltd. A-3, MIDC, Ambad, BNasik – 422 01 Maharashtra	Ms/. Areva T&D India Limited No.142, Vandallur-Walajhabad Road, Salamangalam (Village) Padappai (Post), Sriperumpudur (Taluk) District. Kanchipuram – 60-1 301 Tamil Nadu
Ms.ABB Limited PPHV-CktBrakers, Vadodara THS-LTD (Live Tank Breaker) Maneja Works, Vadodara 390013, Gujarat	M/s.Siemens Ltd. Breaker Division E-76, Waluj, MIDC Aurangabad – 431 136 Maharashtra
Power Grid Corporation of India Limited, Saudamini, Plot No. 2, Sector-29, Gurgaon - 122001	M/s Adani Power Ltd. Shikhar, 9th Floor, Near Mithakhali Six Roads, Navrangpura, Ahmedabad- 380009 (Gujarat), India
M/s Tata Projects Ltd. “Mithona Towers-1”, 1-7-80 to 87, Opp. Wesley Co-ed Jr. College, Prenderghast Road, Secunedrabad- 500003 (Andhra Pradesh), India	M/s Kalpataru Power Transmission Ltd. 101, Part-III, GIDC Estate, Sector-28, Gandhinagar- 382028 (Gujarat), India
M/s KEC International Ltd. DLF Infinity Towers, 7th Floor, Tower “B”, DLF City, Phase II, Gurgaon- 122002 (Haryana), India	M/s Reliance Infrastructure Ltd. DhirubhaiAmbani Knowledge City, Wing- 6, Ground Floor, D-Block, Thane, Maharashtra, India

- m. None of the importers/users of the subject goods have responded in the form of questionnaire responses or provided comments to the initiation of the investigation.
- n. Copy of initiation notification was also sent to following Indian producers/Association of the product under consideration.

<u>Indian Electrical and Electronics Manufacturers Association</u> Rishyamook Building, First Floor 85A, Panchkuian Road New Delhi – 110 001	R R Industries C-4, Industrial Estate N.H. 91, G.T. Road Khurja 203131
Allied Ceramics Pvt. Ltd. 91, Lenin Sarani Kolkata 700013	TarunaDechome Pvt. Ltd. F-51, Bichhwal Industrial Area Phase - II Bikaner 334006
Bhatinda Ceramics Pvt. Ltd. Vill. Jodhpur RomanaDabwali Road Bathinda, Punjab 151001	Bikaner Ceramics Pvt. Ltd. Rani Bazar Industrial Area Bikaner 334001
Bikaner Porcelain Pvt. Ltd. F-179/180, Bichwallndl. Area Bikaner 334006	CJI Porcelain (P) Ltd. M-17 Dohil House 4th Floor, M Block Main Market Greater Kailash - II New Delhi 110048
Deccan Enterprises Pvt. Ltd. B-58, 59 & 60 APIE Balanagar Hyderabad 500037	Goldstone Teleservices Ltd. Amarchand Sharma Complex, S D Road Secunderabad 500037
Mayur Electro Ceramics Pvt. Ltd. P.O. PratapgarhRairangpurDistMayurbh anjMayurbhanj 757050	Saravana Global Energy Ltd. Virudhachalam Road P.N. Kuppam, Kurinjipadi Post Cuddalore Dist. 607 302
Pressgel Insulations Pvt. Ltd. D-52, Sardar Ind. Estate Ajwa Road, Road No. 5 Vadodara 390019	Shreeji Power & Insulators Pvt. Ltd. Survey No. 321 NaniChiraiDist, Bhachau, Gujarat
Ravikiran Ceramics Pvt. Ltd. Station Road Kanari 387325	A K India Ceramics (P) Ltd N H 15, 15 KM Stone, Jaipur Road, Village Raisai, Bikaner

- o. In response, the following have filed their letters supporting the petition
- Indian Electrical and Electronics Manufacturers Association
 - Shreeji Power & Insulators Pvt. Ltd.,

- c. Bikaner Ceramics Pvt Ltd,
 - d. A.K. India Ceramics Pvt Ltd,
 - e. Bikaner Porcelain Pvt Ltd
 - f. Allied Ceramics Pvt. Ltd
 - g. TarunaDechomePvt. Ltd.
 - h. Prime Insulators
 - i. Saravana Global Energy Ltd
 - j. Jaipuria Brothers
 - k. General Power co Pvt Ltd
 - l. Hindustan Chemicals
 - m. Rastriya Electrical and Engineering Corpn
- p. 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. The public file was inspected by a number of interested parties a number of times. Interested parties requested copies of the documents from the public file, which were also provided to these interested parties. Submissions made by all interested parties have been taken into account in present findings.
- q. Information provided by 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 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.
- r. Further information was sought from the applicant and other interested parties to the extent deemed necessary. Verification of domestic industry was conducted to the extent considered necessary for the purpose of present investigation.
- s. The Non-injurious Price (hereinafter referred to as 'NIP') based on the cost of production and cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry. As glass insulators are not produced in India, NIP of porcelain insulator has been considered. Further, separate NIP for different product types has been determined.
- t. Investigation was carried out for the period starting from 1st April 2012 to 31st March 2013 (12 months) (hereinafter referred to as the 'period of investigation' or the 'POI'). The examination of trends, in the context of injury analysis covered the period from 2009-10, 2010-11, 2011-12 and the POI.
- u. The Authority issued preliminary finding on 1st July, 2014 recommending imposition of provisional anti-dumping duty, a copy of which was forwarded to all interested parties including Embassies of the subject country in India. All interested parties were asked to file their comments on preliminary findings. The provisional anti-dumping duty was imposed on imports of electrical insulators of glass or ceramics/porcelain, whether assembled or unassembled originating in, or exported from the People's Republic of China vide Custom Notification 40/2014-Cus (ADD), dated. 16-09-2014.
- v. The Authority held an Oral Hearing on 17th October, 2014 to provide an opportunity to the interested parties to present relevant information orally in

accordance with Rule 6(6). The following parties who attended the oral hearing were advised to file written submissions of the information presented orally. The interested parties were allowed to present rebuttal arguments/rejoinders on the views/information presented by other interested parties. The Designated Authority has considered submissions received from various interested parties appropriately

- a. Domestic industry
 - b. China Chamber of Commerce for Import & Export of Machinery & Electronic Products (CCCME) and M/s Nanjing Electric (Group) Co. Ltd.
 - c. Sichuan Yibin Global Group Co., Ltd. and Chengdu Global Special-Glass Manufacturing Co., Ltd
 - d. M/s. Sediver Insulators (Shanghai) Co. Ltd, M/s. Zigong Sediver Toughened Glass Insulator Co. Ltd and M/s. Sediver S.A
 - e. Power Grid Corporation Limited
 - f. ABB India Limited
- w. Arguments raised and information provided by various interested parties during the course of the investigation, to the extent the same are supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority.
- x. In accordance with Rule 16 of the Rules supra, the essential facts were disclosed by the Authority to the known interested parties and comments received on the same, to the extent considered relevant by the Authority, has been considered in this final finding.
- y. Exchange rate for conversion of US\$ to Rs.is considered for the POI as Rs.54.65 as per customs data.
- z. *** in this final findings represents information furnished by the interested parties on confidential basis, and so considered by the Authority under the Rules.
- aa. The last day of issuance for final findings was extended upto 4th March, 2015 by the Central Government.

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

2. The product under consideration in the present investigation is Electrical insulators of Glass, or Ceramics/Porcelain, whether assembled or unassembled, excluding (a) telephone or telegraph insulators of voltage rating up to 1 KV, (b) electrical or electronic appliances/device insulators of voltage rating up to 1 KV, and (c) composite insulators (hereinafter referred to as "Electrical Insulators" or the "product under consideration").

Views of Exporters, Importers, Consumers and other Interested Parties before issuance of preliminary findings

3. The interested parties raised following issues with regard to the product under consideration.
- a. Information about size, type, range, models of the subject goods produced by DI is not available in Section II of the petition. Information available on websites of DI is not reliable as it can be changed by DI at any time, as there is no control and monitoring mechanism over the

- same. Websites of DI are unreliable as it is fairly common for companies to exaggerate about their capabilities on their websites.
- b. Product list in Paragraph 5 of Section II is provided without any supporting evidence that the DI actually produces these products. The Authority is obligated to consider the adequacy and accuracy of the evidence submitted by the DI as per Rule 5(3)(b) of the Anti-dumping Rules.
 - c. The applicant should provide line-by-line export statistics classifying the data up to 8 digit level of the subject product to analyse imports of goods covered under the investigation so that the Authority and the interested parties have a clear and proper understanding of the subject product.
 - d. The petitioner has provided summary of exports statistics from Chinese customs for HS codes 854610 and 854620 on page 67 of the petition, the latter including HS codes 854620 1000, 854620 9001 and 854620 9090 that include electrical insulators for both transmission and distribution and every kind of glass or porcelain insulators and it is extremely difficult to analyse export statistics that are provided in a summarized form.
 - e. The data for excluded products is incomplete, as it not even up to the POI. Therefore, such incomplete data cannot be relied upon. UN Comtrade data shows that glass insulators are being re-exported from India, while it is an admitted fact that the Domestic Industry does not manufacture the same. It is prayed that the imports from China and the market size of India should be determined only after making adjustment for re-export of such imported goods.
 - f. M/s Nanjing Electric (Group) Co. Ltd. (producer and exporter in China) and CCCME claim that electrical insulators are not homogeneous, as all insulators have different end-use, physical characteristics such as size, capacity, etc., and differ widely for every type of insulator. Insulators find use in:
 - i. Power transmission and distribution lines
 - ii. Power sub-transmission lines
 - iii. Circuit breakers
 - iv. Disconnectors
 - v. Power sub-stations
 - vi. Instruments & Transformers
 - vii. Railways
 - g. An objective examination of dumping, injury and causal link, which is mandatory under domestic law as well as WTO AD Agreement requires an apple to apple comparison rather than a comparison of one basket of products with another basket of products. It is argued that bundling electrical insulators of all capacities together as a single PUC is improper and incorrect in view of the significant differences in capacity and other features of the subject product.
 - h. To buttress their arguments, the interested parties rely on practices in other countries such as EU and USA, where, in anti-dumping investigations specifically concerning electrical insulators, the PUC was based on physical, technical and chemical characteristics of the product, their main use, and application, degree of substitutability and

consumer perception. For example, in the US anti-dumping investigation No. 731-TA-1023 concerning Electrical Insulators, the product scope was restricted to 'High and Extra-high Voltage Ceramic Station Post Insulators'. Reliance is also placed on WTO Panel Report in DS 54/55/59/64 in Indonesia-Certain Measures Affecting the Automobile Industry wherein, the WTO Panel refused to bundle all passenger cars in one basket holding that though the passenger cars might share basic physical characteristics and end-use, they are highly differentiated products, which may vary greatly in terms of size, weight, engine power, technology and features.

- i. Bundling all electrical insulators in one umbrella is improper as it is impossible for interested parties to make submissions on the standing of the domestic industry, like article determination, determination of dumping margin by taking weighted average of normal value and export price, address injury claims, etc. Even the domestic industry describes different electrical insulators as distinct in its brochures and on its websites. The exporter and interested parties have also provided a detailed write-up on different electrical insulators.
- j. Electrical insulators are not homogeneous, as all insulators have different end-use, physical characteristics such as size, capacity, etc., and differ widely for every type of insulator. They are not technically or commercially substitutable to each other.
- k. Electrical insulators of capacity 765 KV and insulators for HVDC lines be excluded from the purview of the investigation as only a few constituents of the domestic industry produce the above-mentioned electrical insulators. M/s Modern Insulators and M/s IEC have not adduced any reliable evidence to substantiate their ability regarding production of above-mentioned electrical insulators.
- l. The Authority has had a consistent good practice of defining products separately in a single investigation based on factors such as kinds of products, end-uses, physical and chemical characteristics, consumer perception, etc. and the same practice be followed in the present case, too. Reliance is placed on below mentioned investigations where different goods in PUC were completely distinct and were not technically or commercially interchangeable. These instances are:
 - i. Anti-dumping investigation concerning imports of 'Certain Phosphorous based chemical compounds originating in or exported from China PR & European Union
 - ii. Anti-dumping investigation concerning imports of 'Rubber Chemicals' viz. MBT, CBS, TDQ, PVI and TMT from China and PX-13 from China and Korea RP
 - iii. Anti-dumping investigation concerning imports of catalysts from Denmark
- m. In these investigations, the scope of the PUC was segregated in different products and a separate examination of dumping, injury and causal link between import of the products and injury to domestic industry was carried out.
- n. M/s Trench High Voltage Products Ltd. ("THVS"), Shenyang, China is a producer of bushing and M/s MWB (Shanghai) Co. Ltd., Shanghai, China ("MWB") is a producer of SF6 insulated voltage transformer for

gas-insulated switchgears from China PR. THVS and MWB were listed as known producers/exporters of the subject goods in the petition. Both companies received the letters dated 9th September, 2013 from the Authority regarding the subject investigation.

- o. On receipt of letters from the Authority, both companies closely reviewed their products exported to India during the POI and came to the following conclusions:
 - i. THVS did not export any electrical insulators to India but exported only bushings to India during the POI. THVS has provided its product list that was exported to India during the POI.
 - ii. MWB did not export any electrical insulators to India but exported only voltage transformers to India during the POI. MWB has provided its product list that was exported to India during the POI.
- p. THVS and MWB have collectively sought clarification regarding the scope of product under consideration and for specific exclusion of their products from scope of product under consideration by their submission dated 15th January 2014.
- q. Electrical insulators are components used for manufacturing bushings, which fact is also acknowledged in the petition filed by the domestic industry. On the other hand voltage transformers are completely different from electrical insulators. Besides, insulators used in the voltage transformers are hollow composite insulators, which have already been excluded from the product under consideration by the Designated Authority.
- r. Detailed differences between the subject product, bushings and SF6 Voltage Transformers have been provided by THVS and MWB. It is clear from the discussion that electrical insulators are used as an essential component for manufacturing bushings and voltage transformers, and it would not be possible to manufacture bushings and voltage transformers without them.
- s. In light of the significant differences in usage, end-customers, inputs, production process, etc., it is clear that bushings and voltage transformers are different from electrical insulators and not technically and commercially substitutable. THVS and MWB anticipate that customs authorities may impose anti-dumping duty to their above-mentioned products when exported to India. Therefore, they have requested the Authority to specifically exclude bushings and voltage transformers from the scope of the product under consideration.
- t. Further, parties have argued that the Authority may issue corrigendum to clarify or amend the PUC. Earlier instances where corrigendum were issued to clarify PUC scope include
 - i. Anti-dumping investigation concerning imports of Phosphoric Acid from China PR
 - ii. Anti-dumping investigation concerning imports of Certain Grade Alloy and Non-Alloy Steel Billets, Bars and Rounds from Russia, China PR and Ukraine
 - iii. Anti-dumping review investigation concerning imports of Oxo Alcohols from Poland, South Korea, Indonesia, Saudi Arabia, Russia, Iran, USA and European Union

- iv. Mid-term review anti-dumping investigation concerning imports of certain types/grades of alloy and non-alloy steel billets, bars and rounds from Russia and China PR.
- u. Goldstone Infratech Limited claimed that Polymer/Composite Insulators have similar functions and uses to Glass and Porcelain Insulators and hence, are being utilized interchangeably by customers in the market. The Domestic manufacturers of Composite / Polymer Insulators are also suffering due to imports of such from China. Therefore, ADD should be imposed on all Electrical Insulators from China, be it porcelain or glass or Composite/ Polymer.
- v. Ceramic and glass insulators are not like articles due to differences in raw material, production process, time taken to produce the insulator, cost of raw materials (for Glass insulators is around 600 RMB / Ton, whereas Porcelain Insulators cost around 910-1160 RMB/Ton), weight, performance, tonnage, life, Customs classification, etc.
- w. Ceramic and Glass insulators are not “Like Article” within the meaning of definition in Article 2.6 of WTO Anti Dumping Agreement for the following reasons:
 - (i) The raw materials used are different
 - (ii) The production process is different for Porcelain insulators and Glass insulators.
 - Porcelain insulators:- Porcelain insulators are produced through shaping-drying-glazing-sintering process. Raw material heated for 14 days at 850 degree C. It takes around 45 days in the manufacturing process.
 - Glass insulators: Raw materials are melted at 1450 degree C. undergoes fusion mould pressing toughening and high pressure air cooling. No curing process. Can be produced in 1 day.
 Difference becomes crystal clear on physically watching the two distinct production processes.
 - (iii) Cost comparison and technical characteristics comparison shows differences
 - (iv) Customs classification Glass: HS Code 854610; Ceramic: HS Code 854620
 - (v) Glass insulators are not manufactured in India
 - (vi) Therefore, products are not technically and commercially substitutable.
- x. The relevance for exclusion of certain products is found in the case of AD investigation of Cold Rolled Flat Steel Products of Stainless Steel from China, Japan, Korea, EU, South Africa, Taiwan, Thailand and USA where following broad principles were adopted
 - i. Where the production process pleaded by interested parties results in a different product where the distinctiveness can be established with clarity and precision
 - ii. Whether the DI is manufacturing/supplying such distinctive items at all during the POI
 - iii. Whether grades manufactured by DI for POI are equivalent to grades considered for exclusion.
 - iv. By adopting these principles to present case, it is evident that glass and ceramic insulators are not like articles

- y. Judicial Pronouncements on exclusion of grades not produced by DI
- (i) Birla Periclase v DA (2000 116 ELT 336 Tribunal):
"Fused Magnesia not interchangeable with sintered Magnesia therefore not like product"
 - (ii) Indian Refractory Makers Association v DA (2000 119 ELT 319 Tribunal):
"If dumped import does not or is not capable of causing injury to DI, imposition of ADD is not warranted"
 - (iii) Oxo-Alcohol Industries Association v DA (2001 130 ELT 58 Tribunal Delhi):
"Normal Hexanol not produced or manufactured by DI. So its import cannot cause injury to DI"
 - (iv) Magnet Users Association v DA (2003 157 ELT 150 Tribunal Delhi):
"There is no justification for including grades of ring magnets which are not produced in India for the purpose of imposition of ADD"
 - (v) Videocon Narmada Glass v DA (2003 151 ELT 80 Tribunal Delhi):
"We cannot hold that imported Strontium Carbonate in granular form is in commercial competition with domestically produced strontium carbonate in powder form...therefore clear that imported article is not capable of causing injury to DI"
- z. The Authority by its letter dated 11th February 2014 requested all interested parties to submit supplementary information by 21st February 2014. Such supplementary information requirement was arrived at after discussions with the Domestic Industry. M/s Nanjing Electric (Group) Co. Ltd. expressed their objection to the Authority's request and submitted their data by the due date under protest reserving their right to challenge the same. M/s Nanjing Electric (Group) Co. Ltd. protested on the following grounds:
- i. Provision of data as per new format in such a short span of 10 days is an exercise in haste and puts an onerous burden on the interested parties;
 - ii. The Domestic Industry has now conceded that due to the different product types involved, it is not appropriate to determine dumping margin and injury margin on the basis of weighted averages. The Domestic Industry should have ideally followed this procedure at the time of filing their petition;
 - iii. Initiation of the investigation based on the Domestic Industry's data itself is questionable as the Authority has now found that data as inappropriate and has requested all interested parties to submit data afresh. Initiation based on such inappropriate evidence falls short of the adequacy and accuracy requirements under the WTO Anti-dumping Agreement;
 - iv. The Authority has not provided Domestic Industry's amended petition, which would have already been filed with the Authority based on the Authority's aforementioned request for data. M/s Nanjing Electric (Group) Co. Ltd. is not able to provide its data without perusal of the amended petition, as it requires the amended petition to analyse for like product and directly substitutable product.

- v. The Authority should have formulated a PCN system to identify products as per various characteristics, since this investigation includes a number of different types of products. Till this stage, the Authority has not done that.
 - vi. The Authority's request to provide data afresh is akin to preparing fresh questionnaire responses for which 40 days' time should have been granted, as it requires refilling and revising all appendices of the questionnaire.
 - vii. Introducing new and onerous procedural requirements at this stage of the investigation is a violation of principles of natural justice and denies procedural due process to M/s Nanjing Electric (Group) Co. Ltd.
 - viii. In the alternative, the Authority may terminate this investigation and initiate a fresh investigation after identifying the correct product scope in an appropriate and adequate manner.
- aa. In reply to the letter dated 11 February 2014, M/s Zigong Sediver Toughened Co Ltd, M/s Sewdiver (Shanghai) Co Ltd and Sediver S A (France) stated as follows
- i. Exporters have filed complete data regarding product type as part of sales and cost data. Further detailed breakdown of the basic product code has also been provided as the initiation notification or the communication of the Designated Authority has not mentioned any specific PCN.
 - ii. Unless the information like transaction wise entries of the import data, Normal value, cost, dumping margin, injury margin and causal link based on requested parameters is not provided by the domestic industry, it is inequitable that the opposing parties are being made to undertake such a cumbersome exercise
- bb. The Petitioners are not producing Insulator $\geq 420\text{kN}$ even though the demand for such goods exists in the Indian market. The Petitioners are also not known to have the capability to produce Insulator $\geq 420\text{kN}$. They generally supplied insulators in the range of 70 kN to 300 kN. Due to non-availability of Insulator $\geq 420\text{kN}$, users have to import the same.
- cc. As the Domestic Industry has not the ability to supply Insulator $\geq 420\text{kN}$ in domestic market, where is the injury suffered regarding Insulator $\geq 420\text{kN}$ claimed by Domestic Industry?
- dd. Prices differ greatly depending on the exact specification of insulators. Each insulator is ordered for a very specific function and one insulator cannot be replaced by another that is not exactly alike in all respects such as rated E&M failing load.
- ee. As the kind of designed product, that whether a machine is imported or domestically purchased the most important consideration for purchase is "technical ability". Thus buyers like Power Grid Corporation will provide their required technical specifications to the company that can manufacture insulators as per the technical specification is given the order. The quality, the ability of a manufacturer to honor delivery schedules and its ability to even manufacture the specific insulators required are critical deciding factors that play a major role in the purchasing decisions.

- ff. Insulator $\geq 420\text{kN}$ is not 'like product' when we compare it with the product under consideration as it has many differences. One cannot really say that an Insulator $\geq 420\text{kN}$ is similar to an insulator with rated E&M failing load of 210kN . Insulator $\geq 420\text{kN}$ should therefore be excluded from the scope of investigation.

Views of Exporters, Importers, Consumers and other Interested Parties post issuance of preliminary findings

4. The interested parties have raised following additional issues with regard to the product under consideration after issuance of preliminary findings
- a. There are Grave errors in concluding that all insulator comprise of single product, glass and porcelain as like article and clubbing of all kinds of insulator.
 - b. There are contradicting statements regarding the following
 - i. No indication as to what national and international standards have been used to conclude glass and porcelain as like article
 - ii. If glass insulators are not produced in India then how production process has been analyzed. No reference to any literature or source used.
 - iii. Different conclusions regarding production technology, end user requirements
 - c. Reliance on website should be disregarded and actual evidence on production should be taken
 - d. Lumping of all insulators is incorrect. Referred US case on insulators
 - e. Insulators are not homogeneous
 - f. If cost and price are different and not within the same range, appropriate adjustments needs to be done while comparing
 - g. DA to demonstrate independent application of mind while determining PCN. No opportunity was provided to interested parties to comment on PCN.
 - h. Statement that none of the parties provided comments on PCN is false.
 - i. Merely because the data was filed cannot be concluded that exporters have no objection to PCN
 - j. If there are price and cost differences between both the products which are substantial and not within the same range, the Designated Authority should consider doing an appropriate adjustment of prices while comparing the same
 - k. Based on experience of producing both kind of insulators, Exporters submit that there is a substantial difference in cost and operational expenses associated with porcelain and glass insulators.
 - l. Glass insulators are less vulnerable to being used as defective material since any small damage to the insulators will lead to the insulator glass shell shattering automatically. Defective insulators are highly unlikely to be used in any installation
 - m. Practically no incidence of decapping for glass insulators. Porcelain insulators have a number of decappings required on a regular basis This not only increases maintenance costs significantly but also interrupts the functioning of the power supply infrastructure
 - n. In graphite Electrodes, the authority has allowed for an adjustment on quality even though the raw materials, production process and physical characteristics of the product under consideration were the same. It is a common practice in EU as well. An adjustment is only accepted if it is

- demonstrated that the differences affect the price charged to customers or the use of the product
- o. It is cheaper for the users to deploy glass insulators as compared to ceramic insulators due to the difference in operational and maintenance cost
 - p. In the present case, the difference arises as a result of lower operational and maintenance costs. For the purposes of injury margin and dumping margin for glass insulators, the Normal Value and NIP should be reduced to the extent of this difference between the two insulator types while making the comparison.
 - q. The methodology used to arrive at the PCN is deficient and in violation of its quasi judicial status. The language used in the Finding does not appear as if the Designated Authority, at the time of accepting these parameters from the domestic industry, has conducted any analysis or assessment of its own before deciding to employ these parameters. Requested to demonstrate independent application of mind.
 - r. The domestic industry suggested three parameters for the comparison methodology which were promptly accepted by the Authority without any actual examination as to whether these parameters are acceptable. Authority is an investigating authority and being a quasi judicial body to discharge the duties by taking the views of the interested parties and consequently examine the evidence provided in support of the parties' claims
 - s. Nowhere in the content of the above letter or any other communication of the Hon'ble Designated Authority, has it asked the interested parties for their views regarding comparison methodology. This denial of an opportunity to comment is not only violative of the principles of natural justice; it is also contrary to the past practice
 - t. Objections of the Exporters Ignored by the Designated Authority. Further Exporters had no choice but to file the information in order to remain cooperative in the investigation. However, merely based on the fact that such data was filed, the Hon'ble Designated Authority cannot conclude that the interested parties had no opposition to the parameters selected and methodology employed in selecting the parameters.
 - u. There is no supporting evidence that the domestic industry actually produces the products listed in the petition and complete details such as size (height, width, weight etc), type (low voltage, high voltage, extra high voltage etc), range (voltage range, application range), models, etc. The burden is on the petitioners to provide complete information supported by the evidence outlining the product scope that each constituent of the domestic industry is capable of manufacturing. The information in website is neither complete nor authentic.
 - v. Lumping Electrical Insulators of all capacities in one single product is incorrect in view of significant difference in capacities and other features. Referred US case on insulators
 - w. Lumping porcelain/ceramic and glass into one PUC would lead to incorrect conclusion
 - x. Insulators are not homogeneous product. Different insulators serve different end-use requirements. They are not technically or commercially substitutable to each other. The authority may seek information from BHEL, which is a public sector. It will show that there is difference in machinery, technologies, production process etc. Infact BHEL manufacturers hollow and disc insulators in different premises.

- y. Difference in production process of glass and ceramic insulators. While production process of porcelain takes 45 days, glass insulators can be manufactured in just one day. Request the authority to visit the factory of the exporters to determine difference in production process.
- z. PGCIL during hearing stated that they treat glass and porcelain insulators as two distinct products and prefer glass over porcelain. Only to provide opportunity to the domestic producers, they float tenders with an option to supply porcelain insulators.
 - aa. As Indian manufacturers have limited manufacturing capacity and operational experience and imposition of anti-dumping duty may lead to capacity limitations, insulators for 765KV AC, 800KV HVDC and above voltage class and electromagnetic strength of 420 KN and above may be excluded
 - bb. Treating of glass and porcelain as like article would not be appropriate and should be treated separately
 - cc. The cost of raw materials for Glass insulators is around 600 RMB / Ton, whereas Porcelain Insulators cost around 910-1160 RMB / Ton.
 - dd. Cost and price of glass insulator is much lower than porcelain and hence imputing normal value of porcelain to glass has inflated dumping margin
 - ee. Cases such as Birla Periclase V DA (Anti Dumping) [2000 (116) ELT 336 Tribunal]; Indian Refractory Makers Association V DA [2000 (119) ELT 319]; Oxo Alcohol Industries Association V DA [2001 (130) ELT 58 (Tri.-Del)] ; Magnet Users Association V DA [2003 (157) ELT 150 (Tri. Del)]; Videocon Narmada Glass V DA [2003 (151) ELT 80 (Tri. Del)] have been quoted where the CESTAT had given judgments based on exclusion of certain products from the scope of investigations as they were not manufactured by the DI. Hence, Glass Insulators are not Like Articles to Porcelain Insulators.
 - ff. 800KV hollow insulator for instrument transformers, but encountered breakage of insulator and the insulators were found not usable. Since Sep 2013, have been working for developing the correct design but have not been successful. Therefore have no option but to source from China.
 - gg. For recent requirement of high strength post insulator for use with AC filter capacitor in 800KV HVDC project, Indian suppliers have regretted their ability to quote. We have no option to quote from outside India or from China.
 - hh. ABB import small quantities for the reason (1) to obtain certain voltage grade of insulator that are not available domestically (2) to minimize risk resulting in limited sourcing option as it is our policy of having multiple sources.
 - ii. Imports are of solid core type and disc type but not of hollow type of insulators. Therefore no anti-dumping duty on hollow type of insulators.
 - jj. Information regarding size, type, model and range of the product under consideration is absent in the petition. The petitioners have made reference to the website, but the website only provides general description of the goods and information as to size, models, type of subject goods is not available.
 - kk. HS code 854620 includes various products apart from product under consideration therefore it is essential that line by line export statistic to be analyzed. Summary of export statistics would be misleading. Requested the authority to provide line by line export statistics. 87% of the imports during period of investigation is of glass insulators which is not produced in India.
- ll. Inconsistency in data as the petitioner has relied on China customs for import statistics and for excluded products they have relied upon DGCI&S. The fact

that this data was relied on in safeguard findings is no justification and more so the data used there was not of POI.

- mm. Powergrid has some major construction projects at hand currently, whose completion at the earliest is required to fulfill the transmission infrastructure requirement of the country. For these, Powergrid gives out multiple contracts. Requirement of insulators in the future is expected to be another 50 lacs approximately, major quantity being for 765 kV transmission system.
- nn. Indian producers do not have the necessary capacity to meet the high requirements of Powergrid. Also, the participation by Indian producers, in the bidding conducted by Powergrid for the handing over of insulator procurement tender contracts, is limited.
- oo. During the bidding of approx. 40 Lacs insulators, conducted in July this year, only two Indian producers, namely Aditya Nuvo and BHEL participated. Out of these two also, BHEL, have been facing capacity constraints and of their admission, have not been able to deliver order placed on them. Part of the order placed on BHEL had to be procured from other places. This makes Aditya Nuvo as the only competitive bidder, and it has subsequently been given all orders after the imposition of the ADD. The total value of the orders is more than Rs. 120 Crores with additional financial implications to the tune of Rs. 50 Crores, on account of the ADD.
- pp. A single-party bagging all orders not only signifies a lack of competition but is also extremely risk-oriented. If this only supplier stops operations due to technical faults or any other reason, all the ongoing transmission infrastructure projects will come to a grinding halt. The risk is immense without any fallback option.
- qq. The domestic manufacturers who have filed the current Petition for imposition of ADD have not participated in any bidding off-late. Thus, an imposition at the behest of this Petition will only benefit one or two parties. The larger losses will be suffered by the public who will have to bear the burden of additional tariff.
- rr. Clubbing of insulators ranging from 1 KN to 420 KN to arrive at the unit rate (per MT) irrespective of the voltage class for assessing injury margin to Indian producers adopted in the Preliminary Investigation is not a technically correct methodology. The figure given in the preliminary findings are not reflective of the actual position so far as the insulators for higher rating are considered, Also, actual cost is up to 1.5 times the cost considered in the preliminary findings. A more appropriate methodology would be categorizing higher and lower voltage insulators and separate determination and subsequent to this, a comparative analysis. As the insulators of higher mechanical strength and higher voltage level which require higher standards of testing, quality and performance would be much more costlier even if the unit price is calculated on per metric ton basis.
- ss. IN case of those contracts which have been awarded prior to the levy of ADD, the deliveries of whom will occur post the imposition of the ADD, the ADD will not act as a protective measure for the DI, instead, it will only result in higher costs of imports to Powergrid and subsequently will affect the public who will be affected due to the enhanced tariffs. In view of this, Powergrid should be exempted from this ADD by issue of an exemption certificate by the Designated Officer.

- tt. While developing methods for protection and development of the DI the following should be stressed upon:
 - i. Capacity limitations of the DI to cater to the demand of insulators of a particular type (voltage).
 - ii. Separate categorization of insulators while determining the quantum of ADD.
 - iii. Appropriate value of Injury Margin.
- uu. Further the DI should take up capacity addition and more domestic producers should participate in the bidding conducted by Powergrid instead of the situation of one supplier bagging all contracts.
- vv. Even if the different types of insulators are found to be under one broad category of products, the comparison methodology should take into consideration the technical and commercial differences as well as the cost differences into consideration and make appropriate adjustments to make them comparable for the purposes of like article test.
- ww. The Petitioners' claims that they are capable of producing and selling all types of the goods in consideration is not supported by any strong evidence establishing the same. The DI Petitioner thus, should be instructed to provide a non-confidential version of the relevant evidence to establish the veracity of this claim.
- xx. the domestic industry is clearly not capable of catering to the demand of the Indian consumer industry
- yy. due to limited capacities, the domestic industry members (except BHEL) are unable to produce higher KV insulators to the extent required, with voltage of 765 KV and above i.e. electromechanical strength of 420 KN and above. even though there is a capability to produce insulators of 420 KN and above, it is nowhere near sufficient to meet the demand of the country
- zz. Contrary to the claims of the DI regarding that that Glass Insulators and Ceramic Insulators are like products, both users that appeared for the hearing clearly stated that ceramic and glass insulators are completely different. In fact, PGCIL, which is the largest user in India, clarified that it would prefer to purchase glass insulators since they have lower operational and maintenance costs. However, in order to benefit the domestic industry the users also include ceramic insulators in their tender requirements.
- aaa. There is a substantial difference in cost and operational expenses associated with porcelain and glass insulators. For instance, glass insulators are less vulnerable to being used as defective material since any small damage to the insulators will lead to the insulator glass shell shattering automatically. This implies that defective insulators are highly unlikely to be used in any installation. Further, glass insulators have an advantage over porcelain insulators since there is practically no incidence of decapping for glass insulators. Comparatively, porcelain insulators have a number of decappings required on a regular basis. This not only increases maintenance costs significantly but also interrupts the functioning of the power supply infrastructure. Further, it is cheaper for the users to deploy glass insulators as compared to ceramic insulators due to the difference in operational and maintenance cost.
- bbb. The HS Code classification may not require a segregation of the product scope, but combined with a difference in consumer perception and operational costs, the difference in HS classification should be sufficient to indicate that a

necessary adjustment must be made while comparing the ceramic and glass insulators for dumping and injury.

- ccc. The Petitioners have contended that composite insulators ought to be excluded. The Exporters in the present case have provided all the relevant information at the time of filing the Questionnaires as well as for the PCN related sales and cost when instructed by the Hon'ble Designated Authority. Therefore, the Exporters have in no way refused access to or not provided any information, nor have they impeded the investigation by withholding information
- ddd. Petitioners' contention is based on various factors such as raw materials, cost of production, selling price etc; however, even glass and ceramic insulators have different raw materials and production processes, selling price etc but the Petitioners have conveniently found that they are comparable, while composite insulators are not.
- eee. It is incorrect and misrepresentative of the Petitioners to claim that no appropriate product coding information was provided by the Exporters. The Exporters, filed Appendices 1, 2, 8, 8A and 8B with complete information on product types, product codes and characteristics. Additionally, the Exporters also filed a detailed sheet explaining the various product codes as per the internal coding system of the Exporters.
- fff. The Petitioner has contended that the exporters have resisted in providing relevant information. The Exporters in the present case have provided all the relevant information at the time of filing the Questionnaires as well as for the PCN related sales and cost. The Exporters have raised objections only on the *process and procedure* followed in the present investigation which continues to suffer from severe lacunae.
- ggg. Almost 87% imports are of glass insulator which is not even being manufactured by the DI. The DI is trying to seek protection against imports of a product which it itself does not produce.
- hhh. Glass insulators being imported by the interested parties are completely different from porcelain insulators in terms of various parameters such as, raw materials required, production process and time etc. Power Grid and ABB Ltd. the domestic users of the imports have also affirmed the fact that the two are different, however, in order to give support to the DI, both the users placed glass and porcelain insulators in the same tender. The two major domestic users have further clarified that the imported glass insulator is of superior quality than the domestically produced good and the DI have not upgraded their manufacturing facilities to become capable of manufacturing glass insulator.
- iii. Out of the DI, only one producer, BHEL, manufactures 765 kV HVAC and 800 kV HVDC electrical insulators and electrical insulators of mechanical strength of 420 kN and above. But BHEL does not have adequate capacity to meet the entire demand of the Indian market. BHEL participates in the bidding concerning the insulators with specifications given above whereas the rest of the DI does not participate in the tender biddings due to the fact that the concerned goods are not produced by the remaining DI (besides BHEL). As such, the DI is claiming injury for the imports of a product not even produced by it, except BHEL who is already awarded a tender and is at the stage of supplying the same to Power Grid. Thus, if BHEL is not aggrieved from the dumping and is being able to supply the subject goods, the remaining DI cannot claim injury on the same.

- jjj. In case where (i) electrical insulators are of different types (ii) electrical insulator are manufactured by different raw material and different production process; it is an admitted fact that comparison and examination of various count cannot be carried out in objective manner. Strongly objects to clubbing of various kinds of insulators.
- kkk. Glass insulators not being produced by the DI and insulators up to 400 kV which are exclusively being acquired by the DI by the users should be excluded from the PUC in the current investigation.
- lll. Polymer insulators are different from porcelain insulators as claimed by the DI. This observation of the DI has been based on certain parameters. However, the DI has disregarded the same parameters while comparing glass and electrical insulators. The two are different as per international standards, testing and performance etc.
- mmm. If investigation continues then (i) glass insulators (ii) electrical insulators upto 400Kv (iii) higher voltage electrical insulator such as 765 KV HVAC, 800 KV HVDC and above (iv) electrical insulator of high electromechanical strength from 420KN and above should be excluded.
- nnn. As regards treating of all kinds of insulators as one article, The DA is not bound to follow the US/EU investigations cited by the DI. The products and facts of the cited investigations are completely different; they are of no persuasive value in the current investigation. And also, the DI has included all types of electrical insulators creating a skewed picture.

Views of the Domestic Industry before Issuance of preliminary findings

5. The domestic industry has made the following submissions with regard to the issue of the product under consideration.
- a. An insulator can be either of porcelain/ceramic or of glass. Porcelain Insulators are produced using clay, silica, alumina, feldspar and metal parts, while glass insulators are produced using silica and metal parts. Both constitute one article, considering the characteristics of these two types, manufacturing process, functions, uses and prices. In fact, the product is a technology neutral product. Power Grid Corporation has floated tenders for procurement of insulators which can be of Glass or Porcelain. The Corporation has placed no distinction between glass and porcelain insulators and has placed orders solely on the basis of price difference. The Corporation has not made any technical distinction between the two products. Further, the product is sometimes invoiced by the suppliers without reference to glass or porcelain. The commercial invoice available in respect of manufacturers of glass insulators does not refer to glass. Import data of the product under consideration also at several instances does not refer to glass.
 - b. Both porcelain/ceramic and glass insulators have the following characteristics:
 - i. The national / international standards for dimensions / testing are the same.
 - ii. The dimensions are the same.
 - iii. The cap and ball pin material are the same.

- iv. Major steps in manufacturing like shaping of the products, vitrification (raw insulators are to be passed through heat fusion to make into a glassy substance) and assembly are the same.
 - v. The cement used for assembly is the same.
 - vi. The assembly process is the same.
 - vii. The curing process is the same.
 - viii. All type / acceptance / routine tests are the same except those that characterize the raw materials used.
 - ix. Packing type is the same.
 - x. Electrical / Mechanical / Thermal stress requirements are the same.
 - xi. Performance requirements are the same
- c. The major steps involved in the manufacturing process of glass/porcelain are raw material mixing, slurry preparation (in ceramic/porcelain) and melting (in case of glass), molding, shaping, drying, metal assembly and testing. The production process in respect of glass insulator is similar to the production process in respect of porcelain insulator. However, the technology involved is to some extent different in view of difference in raw material.
- d. There is no known difference in subject goods exported from China and that produced by the petitioner companies. Porcelain/ceramic insulators produced by the domestic industry and imported from China are like articles and comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable.
- e. As regards claims of exclusions of 765 KV and HVDC insulators, the fact that a particular product type is not produced by one of the constituents of the domestic industry is entirely immaterial under the rules. The industry is entitled to protection so long as the product has been produced and supplied by a constituent of domestic industry. Constituents of domestic industry have sufficient swappable capacity and can cater country's demand right upto 1200 KV. As regards exclusion of 420KN, such insulators have been supplied by all major players of the domestic industry
- f. The petitioners have considered line by line import data for 854620 and excluded all those entries which are not product under consideration. The petitioners have not adopted summary statistics without eliminating non-product under consideration
- g. The petitioner has specified 6 digit classification for the product for the reason that petitioner has requested anti dumping duty on product under consideration which falls under 6 digit. A number of countries have not distinguished products differently based on voltage rating in their HS Codes systems. Thus, difference in voltage rating in Indian customs classification does not mean that product types with different 8 digit HS Code are different products.
- h. With respect to TVHS and MWB being listed as exporters despite exporting condenser bushings and voltage transformers respectively and BHEL being the only domestic producer that manufactures them, condenser bushings and transformers are beyond the scope of the present petition and investigations.

- i. With respect to insulators used in voltage transformers being hollow composite insulators, it is accepted that composite insulators are beyond the scope of the product under consideration.
- j. With respect to the Authority issuing a corrigendum, the scope of the product under consideration can be clarified in the findings.
- k. Composite insulators constitute a distinctly different article for the reasons mentioned below:
 - (i) Composite insulators fall under a different category from Glass/ Porcelain insulators as per IEC (International Electrotechnical Commission) and are subject to separate IEC standards.
 - (ii) The raw materials, composition, manufacturing process, cost of production per kg, selling price for composite insulators is significantly different.
 - (iii) Polymer/Composite insulator technology is relatively young and these insulators have certain limitations, as regards uses. Polymer/composite insulators have not been developed so far for substation post insulator applications requiring higher bending strength. In some countries, Polymer/composite insulators are not usually preferred at voltages of 230KV and above or for high mechanical strength applications.
 - (iv) Consumers such as Power Grid Corporation have floated tenders wherein they have sought procurement of glass and porcelain insulators interchangeably, but separate tenders for composite insulator.
 - (v) Consumers such as Rajasthan State Electricity Board have floated a tender which include glass, porcelain and composite insulators. The bidders for composite insulators quoted for the entire quantities and their bid price was the lowest. However, the electricity board ordered composite insulators only for 10% of its total tender quantities. 90% of the order was placed on ceramic insulator suppliers.
 - (vi) Generally, composite insulator price per insulator is much lower (as much as 30-40%) than porcelain insulator prices. By contrast, glass insulator suppliers must offer a comparable price per insulator as compared to porcelain insulators if the supplier wishes to get the order.
 - (vii) Despite being significantly cheaper as compared to porcelain insulators, there are significant unutilized capacities of composite insulators with the Indian producers due to user preference for ceramic and glass insulators. Hence, composite insulators are commercially not substitutable with glass/porcelain insulators.
- l. Though different types of glass and porcelain insulators constitute a single product, the petitioners have already proposed segregation of the product under consideration into different types for the purpose of fair comparison. The exporters are required to provide separate information for different product types in their questionnaire responses.
- m. In Cold Rolled Flat Steel Products of Stainless Steel from China, Japan, Korea, EU, South Africa, Taiwan, Thailand and USA, relied on by the responding party, there was absence of identical article offered by the domestic industry. In the present case, specifications of the product supplied by the domestic industry are identical and the consumers have refused to pay any differential price for either of the product.

- n. The cases referred by the opposing interested party in fact support the contention of the domestic industry that if the product is used interchangeably and is in commercial competition with each other, then it constitutes one article and the Designated Authority is justified in including the two as one article.

Views of the Domestic Industry post Issuance of preliminary findings

6. The domestic industry has made the following additional submissions with regard to the issue of the product under consideration after issuance of preliminary findings.
- a. All types of electrical insulators have same basic physical characteristics and the same uses and are sold via similar or identical sales channels. Therefore all kinds of insulators are considered to be the same product
 - b. All major domestic players have sufficient swappable capacity and can cater country's demand right upto 1200 kV. Indian producers have already supplied significant volumes of 765 kV (more than 4 million) insulators in Indian market. All major players are fully equipped to service entire demand in the country
 - c. With regard to product classified in different HS Codes, the investigating authorities globally have considered scope of product under consideration to include products which fall under a large number of different HS classifications.
 - d. Perusal to the questionnaire responses filed by the above responding exporters it is found that these exporters have not identified the product type exported by them. Considering the product type exported by the responding exporters, petitioners proposed that identification and segregation of following properties would be sufficient to ensure fair comparison for the purpose of dumping margin and injury margin.
 - e. As regards adjustments due to cost and price difference in glass and porcelain insulator, the petitioners have no objection to the same. Infact it is the argument of the petitioners that even when glass and ceramic insulators constitute one article, there are admitted differences in the weight of glass and ceramic insulators. The Chinese producers and their association themselves conceded that the weight difference between glass and ceramic insulator is at the least 27% and could be as high as 45%.
 - f. As regards glass insulators are less vulnerable to being used as defective material, Power Grid is required to test 100% of the insulators being consumed by them by performing Meggar test. This test would readily identify a defective insulator whether of glass or porcelain.
 - g. As regards decapping of porcelain insulators, The consumers of glass insulators have not identified this feature as a perceptible significant difference between the two products
 - h. As regards reference to graphite electrode case, The interested parties have rightly referred the said case where the authority considered that even though imported and domestic product are like article, the imported product could not be directly compared on per kg basis with the domestic product in view of the fact that the consumption of the imported product was higher as compared to domestic product.
 - i. The consumers of the product have not established any such difference in operational and maintenance cost of glass insulator as compared to ceramic insulator. In any case, such difference in operational and maintenance cost

are entirely immaterial to the Designated Authority for the reason that the Designated Authority is considering dumping margin determination at ex-factory levels of the exporters and injury margin determination at port/ex-factory level.

- j. As regards PCN methodology, none of the interested parties have established how the proposed PCN system is inappropriate. Nor, any interested party has suggested an alternate PCN system. The approach adopted by the interested parties should therefore be construed as an attempt to impede the investigations and should directly invite Rule 6(8). The verification was first conducted at the premises of the one of the petitioner companies, the sole objective of which was to have an understanding of the product and deciding on comparison methodology
- k. The production process employed for production of two types of insulators is similar, with only some differences in technology. It is important to mention in this regard that production process employed by any two producers at micro level would always be different
- l. The tenders floated by PGCIL clearly give an option to them to procure porcelain or glass insulators interchangeably depending on the relative price of the two products. As per the terms and conditions of the tender, if the value of porcelain insulator tender is lower, PGCIL will procure porcelain insulator; and, if the value of glass insulator tender is lower, PGCIL would procure glass insulators. Thus, it is established beyond doubt that PGCIL procures glass and porcelain insulators interchangeably for the same application.

EXAMINATION BY THE AUTHORITY

- 7. The product under consideration in the present investigation is electrical insulators of glass or porcelain/ceramic, whether assembled or unassembled. However, (a) telephone or telegraph insulators of voltage rating up to 1 KV, (b) electrical or electronic appliances/device insulators of voltage rating up to 1 KV, and (c) composite insulators are excluded from the scope of present investigation.
- 8. The petitioners have claimed that porcelain/ceramic insulators (classified under Customs Tariff sub-heading 8546.20) and glass insulators (classified under sub-heading 8546.10) are to be considered one article for the purpose of the present investigation. They have made this claim on the basis of the essential characteristics, functions and uses, pricing, distribution and marketing, and technical and commercial interchangeability of glass insulators and porcelain/ceramic insulators.
- 9. Rule 2(d) relating to the definition of "like article" specifies that "like article" means an article which is identical or alike in all respects to the article under investigation, or in the absence of such an article, another article having characteristics closely resembling those of the article under investigation.
- 10. From the above definition of the term "like article", it is clear that the like article has to be identical or alike in all respects to the article under investigation. The scope of the term like article shall include those articles having closely resembling characteristics to those under investigation in the absence of

articles identical or alike in all respects. Therefore, the usage of the words "in the absence of" is of critical significance for the interpretation of the term like article under the statute. There is no dispute that the words "in the absence of" have to be understood in the context of domestic industry alone whether there exists a "domestic industry" producing the "like article" or not. In other words, if there is no domestic industry producing identical article, the law permits the authorities to cover, in the scope of the term, even those articles which have closely resembling characteristics.

11. As regards inclusion of glass insulators within the scope of the product under consideration and treatment of glass and porcelain insulators as one article, as stated in the preliminary findings, the Authority has considered a number of parameters. It is reiterated that electrical insulators made of glass are not produced in India. The domestic industry contended that electrical insulators made of both glass and porcelain falls in the category of ceramic insulators. The Authority notes that the mere fact that electrical insulators of glass are not produced in India does not imply that the same cannot be included within the scope of the product under consideration. The Authority is required to consider whether the domestic industry is offering like article to the imported product. The Authority therefore considered whether electrical insulators of porcelain produced by the domestic industry constitute like article to the imported electrical insulators of glass. The Authority therefore examined whether electrical insulators of both glass and porcelain constitute like article.
12. (a) It is noted that various national and international standards and tender documents of other countries, for example Sri Lanka – Bidding Document for NEPTDP – Employer’s Requirements Technical Specification for Transmission Lines – Insulators & Fittings, Peru – Guaranteed Characteristics for Interconexion Electrica ISA Peru S.A, Mexico – Comision Federal de Electricidad Reference Standard NRF-018-CFE – Porcelain or Tempered Glass Suspension Insulators, Saudi Electricity Company – Transmission Materials Standard Specification, Power Grid Company of Bangladesh Ltd. – Bidding Document for Transmission Line relating to glass and porcelain insulators; do not show any difference in the product specifications specified in respect of Glass and Porcelain Insulators. Tender documents of purchasers of the product have been provided by the domestic industry, which shows that the consumers do not differentiate in glass and porcelain insulators. The technical parameters for glass and porcelain insulators specified by the consumers are the same. The Authority examined the production process involved for production of porcelain and glass insulators and found that while some production processes are different, some processes are similar. Common processes between the two products include shape forming process, verification process, assembly process, curing process, testing process and packing methodology. It is however noted that there is difference in a number of raw materials and some part of the production technology. Production of glass insulator primarily involves molding molten silica into shape and thereafter fixing metal parts. In case of porcelain insulators, the clay is molded into the desired shape either pressing a clay mixture into the required shape or by shaping it using tools into the required shape. Metal parts are fixed thereafter. However, despite these differences, the eventual product is

identical in terms of product properties. The Authority finds that the consumers consider the product as a technology neutral product. Domestic industry provided evidence showing that Power Grid Corporation floated tenders for procurement of insulators which could be of glass or porcelain with no distinction between the two and price being the sole criteria for placement of orders. The information on record shows that Glass and Porcelain Insulators perform the same function. The consumers have not disputed the fact that the Glass and porcelain Insulators are interchangeably used. It is also noted that there is no difference in the prices of the two insulators. In fact, Power Grid Corporation has placed orders with the sole criteria of prices and has not made any distinction between glass and porcelain insulators. The Authority thus notes that the two products perform the same function and are used interchangeably. Power Grid is one of the largest consumers of glass and porcelain insulators and has not disputed the claim of the domestic industry that porcelain and glass insulators are technically and commercially substitutable and the two have been interchangeably consumed by the company.

(b) From the table below, it is noted that the imports of Glass insulator has increased significantly during POI as compared to the base year, however, the import of Porcelain insulator has decreased during the POI as compared to the base year. This indicates substitutability between glass and porcelain insulators. The Authority determines that glass and porcelain insulators constitute like article and duty will be recommended on insulator as a whole.

Particular	Unit	2009-10	2010-11	2010-11	POI
Glass insulator					
Volume	MT	6,738	12,782	20,063	55,028
Porcelain insulator					
Volume	MT	9,544	13,594	15,718	7,416

13. As regards lumping electrical insulators of different types as one product, the issue was examined in detail in the preliminary findings. The authority has once again considered the submissions of the interested parties and notes as follows
 - a. Different types of Electrical Insulators are comparable in term of essential product characteristics including physical, production technology, manufacturing process, plant&equipment, functions & usage, etc.
 - b. Different product types serve the same general function of insulating one conducting body from other conducting body.

- c. While different insulators have different specific end applications, it is noted that all Electrical Insulators essentially perform the same function. Different categories/types are intended to meet different end-user requirements. The design and shape of the insulators differs as per the end -use requirements. For example disk insulator is used in transmission and distribution line whereas hollow and solid core are used in substation. However the operations and machinery necessary for manufacturing are essentially the same for all kinds of insulators.
 - d. Producers often make no distinction between Electrical Insulators, classified in different categories, with regard to production, distribution or accounting. Both domestic industry and Chinese producers have, for all their different categories/types of Electrical Insulators, a similar manufacturing process. Further, same distribution channels are used for all categories/types of Electrical Insulators.
 - e. The questionnaire prescribed by the Authority requires the exporters to provide information separately for each type of the product. It is however noted that while disputing the claim of the domestic industry in the petition to proceed with weighted average of various types of insulators, none of the exporters provided separate information for different types of insulators in their initial questionnaire responses, even though the prescribed questionnaire requires the exporters to provide a number of information separately for each type of the product. However, this information has been subsequently provided by the responding exporters, on being requested by the Authority.
14. As regards the argument that the information on product type, size, range, models, etc. is not available in the petition, the Authority notes that the petitioner provided details of various types of the product under consideration produced by them. Further, the petitioners have referred to their websites. It would not be appropriate to conclude that the information placed on websites of these companies in this regard is not sufficient for the purpose for which the Authority has sought this information in the application proforma. The interested parties have also contended that the information on various product types produced by the domestic industry were not made available in the petition. The Authority notes that quality and quantity of evidence improves as an investigation progresses.
15. As regards the contention that the petitioners should provide transaction by transaction details of exports as per China customs in order to facilitate proper understanding of the product, the Authority further examined the issue and notes that the detailed transaction by transaction details of exports as per China customs in any case contains description as given in customs tariff. Moreover, the questionnaire responses filed by the responding exporters show that only a few types of the product have been exported during the POI.
16. As regards the contention that the customs data adopted by the petitioners include every kind of glass or porcelain insulators, the Authority confirms the preliminary findings in this regard and notes that the petitioners have segregated imports of the product not forming part of the investigations on the basis of imports information obtained from Indian customs data. As regards the contention that the data for excluded product is not complete, the Authority has adopted the data for the POI in the present determination. It is also noted that

the volume of imports of excluded category of the product is insignificant considering the total volume of imports during the POI.

17. The Authority considers that the similarities of all categories/types of Electrical Insulators, as far as their technical and physical characteristics as well as their application and end use are concerned, outweigh, for the purposes of these proceedings, any differences and therefore constitutes like article. However, for the purpose of dumping margin, price undercutting and injury margin analysis and in view of the submissions made by the interested parties, the Authority directed the domestic industry to provide separate information for different types of insulators. Domestic industry submitted that if the data is segregated considering the type of insulators, the mechanical strength and the polarity, it would be sufficient to differentiate and distinguish different types of insulators for the purpose of fair comparison. The domestic industry suggested categorization of the product under consideration into different types by considering following parameters

- a. Type of insulator – The insulator can be disc, hollow, long rod, solid core, pin, and LT insulator.
- b. Mechanical strength – The mechanical strength in the insulator can be of anywhere between 4 kN to 420 kN. Insulators above 420 kN have not been consumed in India so far. Further, for mechanical strength, insulators can be grouped as follows –

Disc insulators	<ol style="list-style-type: none"> a. Upto 90 kN b. 120 kN – 160 kN c. 210 kN d. 320 kN – 420 kN
Hollow insulators	<ol style="list-style-type: none"> a. Upto 5 kNm b. 5.1 – 10 kNm c. 10.1 – 20 kNm d. 20.1 kNm – 30 kNm e. 30.1 kNm – 50 kNm f. 50.1 kNm and above
Long rods	<ol style="list-style-type: none"> a. Upto 90 kN b. 120 kN – 160 kN c. 210 kN d. 320 kN – 420 kN
Solid core	<ol style="list-style-type: none"> a. Upto 4 kN b. 6 kN c. 8 kN d. 10 kN e. 12.5 kN f. 15 kN and above
Pin and low tension insulators	All mechanical strength

c. Polarity –The insulators can be used in AC or DC current.

Thus the Authority for the purpose of present investigation has used the PCNs bearing the type of insulators, the mechanical strength and the polarity.

18. The Authority requested the responding exporters to provide supplementary information and made available a copy of the submissions made by the domestic industry to other interested parties. While providing the said information, even though some of the interested parties pointed out to short time period given to them to provide supplementary information, the Authority notes that none of the interested parties raised any objection with regard to product segregation proposed by the domestic industry or have proposed any alternative for product segregation. The Authority thus notes that the interested parties in a way accepted the categorization proposed by the domestic industry and provided relevant information.
19. As regards the argument of interested parties that the Authority has called such information after filing of questionnaire response, such information should have been called at the stage of initiation itself, the time allowed to provide such information was too short, the amended petition filed by the domestic industry should be made available to all interested parties and the investigation should be terminated as the exercise was not undertaken at the stage of initiation, the Authority notes that the prescribed questionnaire requires the exporters to provide the said information separately for each product type and thus, the exporters were obliged to provide such information while filing questionnaire response. In fact, the prescribed questionnaire provides liberty to the interested parties to provide separate information for each type of the product, as deemed appropriate by such party filing questionnaire response. Further, the interested parties could seek additional time to provide the requested extra time, which could have been considered by the Authority appropriately. None of the responding exporters however sought additional time for providing the desired information and in fact all the responding exporters provided the desired information within the time given by the Authority. It is clarified that the domestic industry has not filed any amended petition. The domestic industry suggested product categorizations vide their letter dated 8th Feb., 2014, a copy of which has been made available to the interested parties. The Authority further notes that quality and quantity of evidence improves as an investigation progresses. The Authority has duly taken note of the argument of the interested parties that weighted average analysis of different types of insulators is not appropriate and has accordingly sought relevant information from the interested parties.
20. As regards the argument of evaluation and analysis of correctness of PCN proposed by domestic industry before accepting it by the Authority, it is clarified that the Officers of DGAD have conducted on site verification of the domestic industry which included product verification as well. The Authority after satisfying itself as to the correctness has accepted the PCN proposed by the domestic industry.
21. As regards the product scope considered by EU and USA, the Authority notes that the scope of the product under consideration adopted by the Authority

need not be the same as the scope of the product under consideration considered by other authorities globally.

22. As regards the argument raised by opposing interested parties that different types of product are dislikes articles and investigations have to be conducted separately by considering different product. It is noted that in the instant case, the Authority has considered various types of electrical insulators as like article and therefore entire investigation must be conducted for electrical insulators as whole.
23. As regards M/s Goldstone Infratech Limited request for inclusion of product Glass Fiber Silicone Rubber Insulators, being manufactured by them in the current investigation on the ground that their product is like or similar to Ceramic/Porcelains Insulators, the Authority holds that it would not be proper to extend the scope of the product under consideration to include this product type. While M/s Goldstone Infratech Limited has contended that composite insulators and Glass/Porcelain Insulators are like articles, the Domestic Industry itself has submitted that these insulators are not like articles to the product under consideration. The Domestic Industry has further submitted that composite Insulators are quite different from Porcelain or Glass Insulators and constitute distinctly different article on the basis of various parameters such as raw material composition, manufacturing process, cost of production, selling price. The two are not technically and commercially substitutable. Composite Insulators have not been substituted with Glass/Porcelain Insulators and vice versa. The two have significant difference in price. The Authority also notes that the product under consideration in the present investigation is "Glass/Porcelain Insulators" from China PR and there is no justification to expand the scope of the product under consideration. It would therefore be inappropriate to extend the scope of present investigations to include composite Insulators.
24. Glass and Porcelain insulators are classified under customs heading 8546 under Chapter 85 of the Customs Tariff Act.
25. Request for exclusion: interested parties have argued on exclusion of certain type of Electrical Insulators which are further examined in details and the Authority notes as follows
 - a. As regards the argument on exclusion of 765KV insulator and HVDC on the grounds that all constituents of the domestic industry does not produce the same, the Authority notes exclusion of this insulator is not justified. It is not necessary under the law that each and every constituent of the domestic industry should produce all the types of product under consideration. Further, the domestic industry has provided copies of commercial invoices showing sale of this insulator by constituent of the domestic industry.
 - b. As regards request for exclusion of 'Disc Insulator for DC Transmission Line with Rated E&M Failing Load \geq 420kN', the Authority holds that evidence on record show that the constituents of domestic industry has produced and sold 420kN disc insulators and therefore it would not be appropriate to exclude this product type from the product

scope.

- c. As regards request for exclusion of condenser bushings and transformers, the Authority notes that condenser bushings and transformers are not within the scope of product under consideration. The domestic industry has also stated that the scope of product under consideration did not include bushings and transformers. However, the Authority hereby clarifies that the scope of the product under consideration and measures excludes condenser bushings and transformers. Since the Authority has not included bushings within the scope of the product under consideration, the argument of the interested parties in this regard have not been examined in detail.
26. As regards request for restricting the product scope to 6 digit level the Authority further examined the issue in detail and it is noted that the product under consideration in the present investigation is Electrical insulators of Glass, or Ceramics/Porcelain, whether assembled or unassembled, excluding (a) telephone or telegraph insulators of voltage rating up to 1 KV, (b) electrical or electronic appliances/device insulators of voltage rating up to 1 KV, and (c) composite insulators. The product under consideration does not have one dedicated six or eight digit customs classification. The purpose of customs classification is to identify the article liable for anti dumping duty. The Designated Authority is required to give description of the product which is sufficient for customs purposes. It is therefore necessary to specify the customs classification at six digit level. The purpose of specifying the customs classification is correct identification of the product under consideration at the time of imports and therefore if the product under consideration falls under a number of different customs classifications, the same are required to be specified. It is however clarified that any import reported under the HS code shall not be subjected to anti dumping duty merely because the HS code has been specified in the scope of the product under consideration and under anti dumping duty table. It is clarified that anti dumping duty being recommended is on the product description and not on HS classification. Any imports of a product not within the scope of the product under consideration should not be subjected to anti dumping duty merely because the HS code has been specified under duty table.
27. As regards the contention that the Authority should issue a corrigendum on the scope of the product under consideration, the Authority notes that there is no necessity for the same. The Authority has neither expanded nor restricted the scope of the product under consideration. The mere fact that the Authority has now categorized the product into different types, the same does not imply a need for corrigendum.
28. As regards reference to the decision of the Authority in the matter of cold rolled flat steel products of stainless steel, the Authority notes that the broad principles listed in that case have been applied in the present case as well. It has not been pointed out by any interested party that there is some product type, like article of which is not offered by the domestic industry. The Authority notes that the properties of insulators whether made of glass or porcelain are similar, as is clearly established by the bids issued by Power Grid Corporation.

29. As regards decision of the CESTAT in the matters of Birla Periclase, Indian Refractory Manufacturers Association, Oxo Alcohols Industries Association, Magnet Users Association and Videocon Narmada Glass, the Authority notes that in the present case, the domestic industry has offered a product having characteristics closely resembling those of the product under consideration. In fact, Power Grid Corpn has considered that insulators made of glass and porcelain will have identical specifications.
30. On the basis of information on record and considering the submissions made by the interested parties, the Authority holds that there is no known difference in the subject goods produced by the Indian industry and those imported from the subject country. The two are comparable in terms of physical and technical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing, and tariff classifications of the goods. The two are technically and commercially substitutable. Consumers use the two interchangeably. Evidence provided by the domestic industry shows that the consumers are placing orders after specifying technical parameters of the product under consideration, where the supplies could be made either by the domestic industry or by the Chinese suppliers, so long as the product supplied meets the technical specifications. Thus, the suppliers sell the product conforming to the specifications laid down by the buyers. The questionnaire responses filed by the responding exporters show that they have supplied to same set of customers to whom the domestic industry has sold the product.
31. The Authority concludes that the product manufactured by the Applicants constitute like article to the subject goods being imported into India from the subject country.
32. As regards adjustments due cost and price difference in glass and porcelain insulators, it is also noted that customer are procuring glass and porcelain Insulator on the basis of prices. In view of the non availability of any reliable and verifiable data of glass insulators, the Authority has considered the Normal Value of Porcelain and Glass Insulator of the same level.
33. As regards operational and maintenance defects of porcelain insulators as compared to glass insulators including decapping, it is noted that PGCIL and other consumers are procuring both types of insulators interchangeably and procure solely on the basis of prices. The procurement procedure of electrical insulator by PGCIL requires both technical bid evaluation and commercial bid evaluation. The aspect of operational and maintenance cost which essentially is a component of commercial bid evaluation. Further only after meeting the prescribed technical standards, a company can take part in commercial bid.
34. As regards 800KV hollow insulator for instrument transformers, AC filter capacitor in 800KV HVDC project the domestic industry is capable of producing theses kind of insulators and has supplied to the consumer. One or two instances of non supply cannot lead to exclusion of the product type.

35. As regards the argument of PGCIL regarding the capacity constraints of the domestic industry, it is noted that if the exporters wanted to supply the goods to meet the requirement in Indian market that could be done by exporting the requirements at a price equivalent to normal value but not at a dumped value and to capture the market.
36. As regards reference to production process of glass insulators, it is noted that the producers and exporters have filed their questionnaire responses and the production process forms part of the same. The production process of glass insulators have been taken as per the responding exporter's questionnaire response and submissions of the domestic industry.
37. As regards exclusion of orders which are already placed by PGCIL and delivery of which are pending, it is noted that PGCIL was aware of the initiation of the investigation and still PGCIL rushed with issuance of tenders. Therefore PGCIL cannot claim ignorance at this stage and seek exclusion of the tenders issued. Further such approach is not consistent with the practice adopted by the designated authority.

Conclusion on product scope

38. In view of the foregoing, the scope of product under consideration for the purpose of present investigation and proposed measures is electrical insulators of glass or porcelain/ceramic, whether assembled or unassembled. However, (a) telephone or telegraph insulators of voltage rating up to 1 KV, (b) electrical or electronic appliances/device insulators of voltage rating up to 1 KV, and (c) composite insulators are excluded from the scope of present investigation. Further, it is clarified that bushings and voltage transformers are beyond the scope of the product under consideration and proposed measures.

C. SCOPE OF DOMESTIC INDUSTRY AND STANDING

39. Rule 2 (b) of the AD rules defines domestic industry as under:

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

40. The application was filed by Aditya Birla Nuvo Ltd. ('Aditya Birla'), Bharat Heavy Electrical Limited ('BHEL'), Insulators and Electrical Company ('IEC'), Modern Insulators Limited ('Modern') and WS Industries (India) Ltd. ('WSI') (hereinafter referred to as the “applicants”) as domestic industry of the subject goods. Post initiation, the applicant has been supported by Indian Electrical and Electronics Manufacturers Association, Shreeji Power & Insulators Pvt. Ltd., Bikaner Ceramics Pvt Ltd, A.K. India Ceramics Pvt Ltd, Bikaner Porcelain Pvt Ltd., Allied Ceramics Pvt. Ltd., TarunaDechome Pvt. Ltd., Prime Insulators, Saravana Global Energy Ltd., Jaipuria Brothers, General Power co

Pvt Ltd., Hindustan Chemicals, Rastriya Electrical and Engineering Corpn (hereinafter referred to as the 'supporters'). Further, there are a number of other producers, apart from the applicants and supporters.

Views of Exporters, Importers, Consumers and other Interested Parties before Issuance of preliminary findings

41. The interested parties have raised following issues with regard to the domestic industry.

- a. The domestic industry have not provided complete picture of the domestic industry as a whole. It is argued that market intelligence, based on which domestic industry has submitted information in the petition, is a highly arbitrary and a subjective criterion that falls short of the threshold of "positive evidence", as required under the WTO AD Agreement.
- b. The applicants do not constitute domestic industry under Rule 2(b) of the AD Rules and the WTO Agreement, as there are several other producers of the subject products in India having substantial production that do not find any mention in the petition. The interested parties place reliance on the Appellate Body Report of the WTO in DS 397 – European Communities – Definitive Anti-dumping measures on certain iron or steel fasteners from China PR, wherein the meaning of the phrase 'domestic industry as a whole' was clarified. The Appellate Body held that:

"413. a major proportion of the total domestic production should be determined so as to ensure that the domestic industry defined on this basis is capable of providing ample data that ensure an accurate injury analysis.

419. ... a proper interpretation of the term "a major proportion" under Article 4.1 requires that the domestic industry defined on this basis encompass producers whose collective output represents a relatively high proportion that substantially reflects the total domestic production. This ensures that the injury determination is based on wide-ranging information regarding domestic producers and is not distorted or skewed..."

- c. Almost all producers of the subject products are members of the association IEEMA, which provides a list of all manufacturers on its website. A mere perusal of the list available on the website of IEEMA shows that there are many more producers of the subject product than the list provided in the petition indicates. Certain names of domestic producers that are missing include
 - i. Power & Control Transformers India Pvt. Ltd.
 - ii. Raychem RPG Pvt. Ltd.
- d. The following are other prominent manufacturers of the subject products:
 - i. Rashtriya Electrical & Engineering Corporation
 - ii. Pranya Associates
 - iii. Hindustan Chemicals
 - iv. General Power Company Pvt. Ltd.
 - v. Satraj Ceramics
 - vi. Prime Insulators Pvt. Ltd.
 - vii. Jaipuria Brothers Electricals Pvt. Ltd.

- e. The above-mentioned producers have substantial production capacity, comparable to each of the applicants. For example, M/s Bikaner Ceramics Pvt. Ltd. has a production capacity of 9000 MT of electrical insulators, but this fact has not been disclosed by the petitioners.
- f. The domestic industry's standing should be examined in light of the above information and only then the Authority may determine whether to continue with the investigation.
- g. M/s WSI be excluded from the purview of "domestic industry" as they have imported the subject product during the POI. WSI was also excluded in previous investigation concerning the subject product. In the alternative, it is argued that if WSI is not excluded, their data related to one of their units under an SEZ in Vishakhapatnam must be excluded from the purview of the investigation. Reliance is placed on the final findings issued by the DG Safeguards dated 27th September 2012 where WSI's SEZ unit was excluded.
- h. Furthermore, it is argued that M/s Saravana Global Energy Ltd. and Sheerji Power & Insulators Pvt. Ltd. do not support the petition as averred by the petitioners, as their authorization letters indicating their support are not provided in the petition.
- i. The phrase major proportion means to include all producers in an organized sector and almost all in an unorganized sector.
- j. Review of price bids of PGCIL would show that domestic producers are undercutting the prices of each other and that cannot be attributed to imports. In such case how Authority can conduct meaningful investigation without the data of other producers. This cannot be brushed out by stating that other producers are selling at prices less than petitioners. Then they should have been the first to provide injury information.
- k. Any interpretation that the word "a major proportion" means there can be more than one major proportion is illogical and requested the Designated Authority to direct all the producers to provide financial information.
- l. Non confidential summary of the imports made by WSI has not been provided in the petition.
- m. WSI should provide data regarding unfinished imports and value additions done in India and sales of these products in India and abroad.
- n. The domestic producers that does not provide information has no standing in anti-dumping investigation.
- o. M/s WSI Industries (India) Limited, which is forming part of DI is an importer of the subject product as established from previous investigation on the same product initiated on 9th April 2012. A similar finding is made in the initiation notice of the present investigation as well, but the Authority has erred in considering WSI as eligible Domestic Industry in the present investigation in violation of Rule 2(b) of the Anti-dumping Rules.

Views of Exporters, Importers, Consumers and other Interested Parties post issuance of preliminary findings

42. The interested parties have raised following additional issues with regard to the domestic industry after issuance of preliminary findings
 - a. The domestic industry scope should exclude WS Industries since it is acting like an importer for low grade products.
 - b. Petitioner has not disclosed all the names of the other producers which otherwise are appearing on IEEMA website of which the petitioners are

members. This is done to establish wrongly and in deceitful manner the standing. (provided names which are not included). Further requested to provide support letters of the companies mentioned in the preliminary findings.

- c. Petitioners do not hold major proportion to constitute domestic industry.
- d. WSI should not be included as constituent of domestic industry. WSI should provide data regarding unfinished imports and value additions done in India and sales of these products in India and abroad.
- e. Arguments regarding standing not analyzed and not properly recorded
 - i. Applicants do not hold major proportion
 - ii. WSI could not be considered as eligible domestic industry
 - iii. No legal basis of accepting the assurance by WSI that it will not imports
 - iv. WSI SEZ data should be excluded
 - v. Major proportion means all producers in organized sector and almost all in unorganized sector
- vi. Support letters to be placed in public file
 - f. Clear admission by WSI that imports made by them are not for testing but for trading
 - g. Processing by WSI on imported product in limited to testing, repacking and fitting. No actual manufacturing or significant value addition
 - h. WSI supporting the petition do not make it eligible DI
 - i. As regards behavior of WSI, none of the other producers are substituting their entire product range with imports unlike WSI for low end products.
 - j. WSI is taking advantage of dumped imports and not defending itself from dumping
 - k. DA is previous initiated found WSI ineligible and how the statement by DA that focus of the company continues to be production holds good.
 - l. Merely being injured does not justify inclusion of importing entity into the ambit of domestic industry
 - m. Substantial imports by WSI in POI and no indication that imports will not resume.
 - n. WSI should be excluded from DI for the reasons stated by the Respondent in its Written Submissions and also because the DI has accepted that economic parameters will not be affected if WSI is removed from the DI.

Views of the Domestic Industry before Issuance of preliminary findings

- 43. The domestic industry has made the following submissions with regard to the issue of the domestic industry.
 - a. The production of the applicants constitutes a major proportion of total Indian production and so the petition should be considered as having been made on behalf of domestic industry.
 - b. The collective production of the other Indian producers not part of the application is quite low. As there is no published information with regard to their production, the applicants have relied on the letter of IEEMA.
 - c. There are no imports of the product under consideration from China during the investigation period by any applicant, except WSI. WSI imported unfinished product from China PR and processed it further to sell in the Indian market.
 - d. Discretion rests with the Authority to include WSI within the scope of domestic industry. While there was some amount of uncertainty with respect

to this issue at the time of initiation of previous investigations for the same product, both the Calcutta and Madras High Courts have since passed final orders clearly holding that the Designated Authority has sufficient discretion under Rule 2(b).

Further, WSI should be considered eligible domestic industry for the following reasons:

- i. WSI was importing low-end, unfinished articles of the product under consideration in view of very low price for Chinese product and restricted its production to high-end product types.
- ii. WSI has not acted as a mere trader but has undertaken significant process on the imported product, including 100% testing of all articles, repacking as per customer-approved drawings and, in some cases, assembly of metal fittings onto the articles.
- iii. The behavior of WSI is not different as compared to other major Indian producers. The trends of various economic factors of all domestic producers, including WSI, are similar. Therefore, it cannot be said that WSI is benefitting out of dumping from the subject country.
- iv. WSI's thrust continues to be on own production and not on imports. WSI production continues to be quite significant. Majority of the sale by WSI continues to be from production.
- v. The proposed anti dumping duty shall apply on exports made by the supplier concerned. WSI has not sought exclusion for this supplier. Once anti dumping duty is imposed, any imports made by WSI will also will subject to such anti-dumping duties.
- vi. WSI has already stopped importing the product from China .
- vii. The imported product has been sold at a materially higher price in the market, after being further processed by WSI. The resale price of WSI products would not have caused injury to Indian producers.
- e. None of the other companies should be considered ineligible within the meaning of Rule 2(b).
- f. Whether or not WSI is considered an eligible domestic industry constituent, the production of the applicants constitutes majority of Indian production.
- g. Information relating to the imports made by WSI is not publically available. It constitutes business sensitive data, disclosure of which could be detrimental to the company.

Views of the Domestic Industry post Issuance of preliminary findings

44. The domestic industry has made the following additional submissions with regard to the issue of the domestic industry after issuance of preliminary findings.

- a. WSI is required to be treated as eligible domestic industry in view of declining pattern of imports which ceased during investigation period itself, and no future plans to import the material and considering that the company had mainly imported those product types which were not being produced by the company in large quantities as they were lower end of the product under consideration range while company predominantly focuses on the higher end of the product under consideration range.
- b. Not all the members of IEEMA are producers of the product under consideration. Further, the petition did not ignore the output of these producers for the purpose of standing. The petition has taken into account their collective output in the volume of total Indian production.
- c. None of the previous investigations established that the claims of the petitioners with regard to standing were not credible
- d. There is no justification for exclusion of an SEZ unit of WSI. The decision of the Designated Authority in the matter of Solar Cells where the issue was elaborately dealt is relied upon.

EXAMINATION BY THE AUTHORITY

- 45. The application has been filed by Aditya Birla, BHEL, IEC, Modern and WSI as the domestic industry of the product under consideration. Further, post initiation, the applicant has been supported by Indian Electrical and Electronics Manufacturers Association, Shreeji Power & Insulators Pvt. Ltd., Bikaner Ceramics Pvt Ltd, A.K. India Ceramics Pvt Ltd, Bikaner Porcelain Pvt Ltd., Allied Ceramics Pvt. Ltd., TarunaDechomePvt. Ltd., Prime Insulators, Saravana Global Energy Ltd., Jaipuria Brothers, General Power co Pvt Ltd., Hindustan Chemicals, Rastriya Electrical and Engineering Corpn (hereinafter referred to as the 's-upporters'). Further, there are a number of other producers, apart from the applicants and supporters.
- 46. The Authority considers that none of the applicants needs to be excluded from the scope of domestic industry since none of them, barring WS Industries, have imported the subject goods from the subject country during the period of investigation, nor are they related to any exporter or importer of the subject goods. It is noted that WS Industries has imported the product under consideration from China PR.
- 47. As regards WSI, the Authority has examined carefully all the arguments post issuance of preliminary findings and disclosure statement. The Authority notes that at the time of submitting the petition WSI has claimed that the imports made by them during POI were 15.47% of its production and their focus was to do its own production. However, it is noted from the records available, that the production of the subject goods by WSI during POI was 6398 MT (including production of the SEZ unit). It is also noted that the imports of the subject goods made by WSI from China PR during POI was 1733 MT. Therefore, the imports of the subject goods made by WSI from China PR works out to about 27% as against 15.47% claimed by WSI at the time of submitting the application for initiation of AD investigation. WSI claim of 15.47% on which the preliminary findings was based is found to be incorrect at the final finding stage. It is also noted that WSI has sold the imported subject goods after assembling in the domestic market. Since the imports of the subject goods by WSI from China PR during POI are significant and almost all the imported subject goods were sold in the domestic market, the Authority holds that it would not be appropriate to consider WSI as a constituent of the domestic industry.

48. Rule 2(b) of the Anti-dumping Rules provides discretion to the Authority to either include or exclude a domestic producer on reasonable and equitable grounds in certain situations. In view of the above and facts of the case, the Authority considers it appropriate to treat all petitioning companies except WS Industries (India) Ltd. as eligible domestic industry.
49. Chamber of Commerce for Import & Export of Machinery & Electronic Products (“CCCME”) has argued before the issuance of preliminary findings that there are nine other Indian producers of product under consideration which are not identified by the petitioners. The interested parties have relied on the website of IEEMA for the names of other Indian producers. The Authority sought information on Indian producers and their production figures from the Department of Heavy Industries, Ministry of Heavy Industries and Public Enterprises. The department in return provided IEEMA information for names and production of other Indian producers. Therefore, it is found appropriate to rely on the information by IEEMA. IEEMA further provided details of companies mentioned by the opposing interested parties, except Satraj Chemicals, along with their production, sales, etc. to examine the standing of the domestic industry. IEEMA has submitted its reply to the contention of interested parties with regard to production by these other producers and has contended that production of these producers are very low. Regarding Power & Control Transformers India Pvt. Ltd. and Raychem RPG Pvt. Ltd, IEEMA has clarified that they are not producer of Electrical Insulators
50. The Authority notes as per the information provided by IEEMA that there are a number of small producers of the product under consideration in India. However, the collective production of these producers is quite low. The production of the applicants accounts for more than 50% of Indian production and production of the applicants constitutes a major proportion of the total domestic production of the like article in India.
51. As regards disclosure of volumes of imports made by WSI, it is reiterated that such information is provided 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 confidential and not disclosed to other interested parties.
52. It has been argued that SEZ unit of WSI should not be treated as eligible domestic industry. In this regard the Authority has excluded WSI from the purview of domestic industry.
53. In view of the above and after due examination, the Authority holds that the applicants except WSI satisfy the requirements of Rule 2(b) and Rule 5(3) of the AD Rules. Accordingly, the applicants except WSI satisfy the requirement of standing under the Rules. Further, applicants except WSI constitute domestic industry within the meaning of Rule 2(b).

OTHER ISSUES

Views of Exporters, Importers, Consumers and other Interested Parties before Issuance of preliminary findings

54. The interested parties have raised following issues:
 - a. Normal value constructed on Canada as surrogate country is wrong as Canada being a developed country is not at the same level of development as

China. Moreover, the constructed normal value is wrong, as the UN Comtrade website shows export price of USD 2670 per MT for the subject product, while the constructed normal value in the petition puts the export price from Canada at 3643 per MT at page 158 of the petition. There is gross exaggeration in constructed normal value, which cannot be accepted by the Authority. Further, constructed normal value is based on some purchase orders, invoices, which cannot be relied upon by the Authority as it fails the adequacy and accuracy test [Reliance is placed on WTO Panel Report in DS 60 Guatemala – Anti-dumping Investigation Regarding Portland Cement from Mexico].

- b. The data for excluded products is incomplete, as it not even up to the POI. Therefore, such incomplete data cannot be relied upon. UN Comtrade data shows that glass insulators are being re-exported from India, while it is an admitted fact that the Domestic Industry does not manufacture the same. It is prayed that the imports from China and the market size of India should be determined only after making adjustment for re-export of such imported goods.
- c. The petition provides no support as to how it arrived on export price and net landed price after adjusting certain values such as 3% towards Commission; 0.5% towards Port expenses; 1% towards Inland Freight; 0.5% Bank Charges; USD 50 per ton towards freight and 5%/MT towards Insurance. These values are arbitrarily applied with no evidence. Such values cannot be relied upon and the Authority may direct the Petitioners to provide the basis as per which such values were used.
- d. The conversion factor of 1.27 is unscientific and arbitrarily applied by the Petitioners to distort the export price of glass insulators, leading to deflation in FOB price (on pages 161 and 162 of the petition). After applying such a conversion factor, the export price of glass insulators has been drastically lowered from USD 1319 to USD 1039. Price undercutting shot up to 20-40% in 2011-12 and 30-50% in the POI from 0-20% in 2011-12 and 20-40% in POI as a result of application of the conversion factor.
- e. The petitioners have equated importers with users on Section I of the petition in Question 9 on page 15. The names mentioned therein are not actual users. The users of the subject product are state government corporations/companies that are engaged in the installing power transmission lines and establish power stations.
- f. Inconsistency in data as the petitioner has relied on China customs for import statistics and for excluded products they have relied upon DGCI&S. The fact that this data was relied on in safeguard findings is no justification and more so the data used there was not of POI.

Views of Exporters, Importers, Consumers and other Interested Parties post issuance of preliminary findings

55. The interested parties have raised following additional issues after issuance of preliminary findings
 - a. With regard to the finding that “quality and quantity of evidence improves as an investigation progresses”, it is submitted that the level of information which is requested from the exporters has to be of the same nature with a uniform standard being applied to all parties. Further, the information should be first

available from the Petitioner so that the Authority can make an accurate and conclusive determination on the product scope and PCN as well as the impact on dumping and injury

- b. Authority has not provided the transaction-wise data sourced from Chinese customs, whereby the Exporters are prevented from commenting on the authenticity and reliability of the same.
- c. For the other countries no comparable analysis has been conducted for import volumes. Reliable import data from other countries must necessarily be obtained and analyzed in light of the import share and causal link analyses
- d. Authority has not allowed for the possibility that a proper import analysis of imports from other countries may reveal that there are other countries with a large share in imports at low prices.
- e. On what basis is the accuracy of the import data determined especially for the product under consideration or conducted in view of the shortcomings in the China customs data as it provides only HS code and not description.
- f. There should be one common source of import data be relied upon and more so within the facts of this case, where the critical unit of measurement distinct in both sources of data i.e., DGCI&S data versus the China customs data.
- g. In light if incorrect classification and the utterly unreliable nature of the import data, the Exporters reserves their right to make comprehensive averments on this issue once the complete and adequate data is made available
- h. Non confidential summary of the imports made by WSI has not been provided in the petition. Further the Authority has erred in including WSI as a part of domestic industry. The fact that WSI is an importer was established in previous investigation initiated on 9th April 2012.
- i. The petition is restricted to 6 digit level. Like article may not include various products falling under chapter subheadings. If analysis is done upto 8 digit level, it will be clear that petitioners do not even produces majority of the subject product.
- j. UNComtrade website shows India exporting glass insulators. As these are not made in India, imports from China PR and market size of India should be determined only after adjusting the re-exports. In preliminary findings, the authority has relied upon line by line export statistics. However, no such evidence of line by line export statistics in available in public domain and summary custom data is not reliable.
- k. Information about users is missing. The petitioner has equated importers with the users and it is a deliberate design to keep out the users from making representation
- l. Data related to SEZ unit of WSI must be excluded
- m. Preliminary findings do not indicate if domestic industry requires provisional duties.
- n. Not provided transaction wise Chinese custom data.
- o. For other countries no comparable analysis has been conducted
- p. China customs do not provide product description and on other hand DA states that product description is used for calculation and not HS Code

- q. One common source of imports data should be relied upon
- r. When summary data of Ministry of Finance and Ministry of Commerce contains so many discrepancies, it is not understood as to how summary data of China customs became sacrosanct
- s. No justification or method provided for arriving at the Conversion factor of 1.27. Such an arbitrary figure leads to drastic reduction in landed value and inflating price undercutting. Designated Authority must continue to disregard the aforementioned conversion factor as has been done in preliminary findings.
- t. Selective usage of data by the Petitioners is baseless and without any substantiation. No actual transaction wise data other than a summary has been provided for the Chinese customs data even though the investigation has been ongoing for almost a year. Chinese Customs data appears to have been relied upon by the Petitioners solely for the purpose of inflating import volumes and lowering import price.
- u. The unit in which the data is reported cannot render the reliability of the data suspect. In other words, merely because the unit in which the data is reported is inconvenient to the Petitioners, it does not imply that the data itself is unreliable. The dumping margin and injury margin comparisons made in the Provisional Findings appear to have been made on the basis of pieces and not weight. Therefore, it is entirely possible for conversion of pieces to weight on a prescribed formula basis, taking into consideration the type of insulator in questions
- v. Petitioners have merely made a statement claiming that project imports have not been covered under Indian database of imports. However, there appears to be no evidence provided to substantiate this claim.
- w. It is not possible to actually verify whether all the products reported under the headings of China Customs data are electrical insulators since no product description is available.
- x. the evidence of imports from other countries remains incomplete and inaccurate. This is particularly relevant in light of the import share and causal link analyses that the Hon'ble Designated Authority is obligated to consider. Reliable import data from other countries must necessarily be obtained and analysed in order to avoid an incomplete and lopsided import and injury analysis. Designated Authority may request the Chinese government (or its presence in India) to confirm whether the Chinese Customs Data is accurate and contains other products outside the product under consideration scope.
- y. There appears to be no source or evidence provided in support of the data relied upon by the Petitioners on Chinese manufacturers.
- z. The Chinese Customs Data relied upon by the Petitioners remains unreliable and unverified. Until and unless the veracity of this data is checked, the Exporters are unable to comment on the analysis based on unreliable data.
- aa. There appears to be no evidence or numerical analysis presented to support the claim of the Petitioners regarding tenders. Instead, the Petitioners have attempted to use average import prices and volumes to prove this. bid prices claimed in a tender will never feature in actual import data since only one bid

is awarded with the tender contract whereas all the other bids are rejected. Therefore, if various suppliers apply to a tender, no matter how low or high their prices, only the winning tender will actually feature in the import data since the other producers did not receive that order in the first place. Therefore, it is not appropriate for the Petitioners to substantiate this claim on tenders with general import data which shows average prices.

- bb. the Chinese Customs Data relied upon by the Petitioners remains unreliable and unverified.
- cc. The DI's justification for using China Customs import data is flawed and should be investigated. The entire Petition relies on DGCI&S data except for the import data; this seems manipulation on the part of the DI. Further, the role of Avalon Consulting and Fidusia Managements Consultants in this investigation is not clarified. The DI has relied on import statistics provided by them, this would have been considered had the agencies been renowned ones, but in this case it is not so, as such, information from such random sources should be disregarded in the present investigation.

Views of the Domestic Industry before Issuance of preliminary findings

56. The domestic industry has made the following submissions on other issues.
- a. Import data has been procured for the purpose of analysis from the following sources:
 - i. Information on imports from China has been procured from China Customs.
 - ii. For imports from other countries, DGCI&S published data has been adopted.
 - iii. For excluded products, DGCI&S transaction wise data has been adopted.
 - b. DGCI&S data for imports from China has not been adopted for the following reasons:
 - i. The available options for determining volume and value of imports are (i) Indian customs statistics, (ii) Chinese customs statistics, (iii) consumer-wise imports statistics. Imports of the product under consideration are in two categories – (i) project imports under chapter 98 and (ii) other than projects category under chapter 85, heading 8546.
 - ii. All imports of the product under consideration are made against orders. Some of these insulators are made as per specific design & drawing of the consumers. Therefore, these products do not have any standard weight. Further, the Chinese producers have produced and supplied goods against specific requirements of the customers in India, the goods have been exported from China for eventual consumption in India. The goods would not have been exported from China to India for eventual consumption in third countries. Further, the transaction wise statistics relating to exports from India clearly establishes that exports from India are not of glass insulators. The mere fact that the UNComtrade data shows exports under the

customs classification does not mean that glass insulators have been exported from India.

- iii. Information provided by secondary sources is insufficient for the reason that the same does not contain imports reported at various Customs Ports such as Mundra port. Significant volume of the product under consideration has been reported at Mundra port.
- iv. As the investigation is in respect of imports from China, there is no reason why Government of China statistics should be considered unreliable.
- v. The Authority has accepted exporting country trade data in a large number of investigations in the past.
- vi. In the safeguard investigation on the same product, the Director General (Safeguards) accepted China customs data. Further, the final findings notified by the Director General (Safeguards) were accepted by the Board on Safeguards and Ministry of Finance.
- vii. As regards contentions of insufficient information, the petitioners have provided the product range and specifications of the product under consideration being produced by each of the constituents of the domestic industry at Annexure 2.3 of the petition.

Views of the Domestic Industry post Issuance of preliminary findings

57. The domestic industry has made the following additional submissions after issuance of preliminary findings
 - a. As regards deficiencies in questionnaire response after 9 months, The gaps pointed out are in the nature of vital defects in the questionnaire responses and shows that the exporter has cautiously decided not to provide relevant information. Thus, the Designated Authority is not under any obligation to point out these defects in the questionnaire responses.
 - b. As regards disclosure of transaction wise China customs data, it is a third party information and the petitioners are not authorized to disclose the same.
 - c. As regards proper import analysis of imports from other countries, What the law requires is whether the volume and price of imports from third countries is so significant as to be one of the causes of injury to the domestic industry. Sediver has not given any instance of import from some country where the volume was significant enough to cause injury to the domestic industry
 - d. As regards accuracy of China customs, petitioners have provided supplier wise exports from China to India for the relevant period and the same further establishes that majority of the exports have been made by the responding companies only
 - e. while entirety of the product under consideration gets classified under the HS Code 854610 and 854620, it includes negligible volumes of excluded category of insulators
 - f. The petitioners have provided the product range and specifications of the product under consideration being produced by each of the constituents of the domestic industry at Annexure 2.3 of the petition filed with the Authority

- g. The petitioners have considered line by line import data for 854620 and excluded all those entries which are not product
- h. GOI permits imports by specifying any unit of measurements, the China customs data does not. This clearly establishes that the difficulty is because of practice allowed by the Indian customs

EXAMINATION BY THE AUTHORITY

- 58. As regards the argument of insufficient information provided by the domestic industry in the application filed by them, the Authority confirms the preliminary findings in this regard and note that the application contained all information relevant for the purpose of initiation of investigation. The Authority, only after satisfaction that application contained sufficient evidence to justify initiation of the investigation decided to initiate the present investigation. Further, subsequent to initiation, information has been sought from the applicant to the extent deemed necessary and the same has been provided by the applicant for the purpose of the present findings. The Authority notes that quality and quantity of evidence improves as an investigation progresses.
- 59. It is clarified that the dumping margin and injury margin have been determined for the responding exporters on the basis of their data and therefore as far as the question of dumping margin, injury margin and quantum of anti dumping duty to be recommended is considered, the same is on the basis of the information and evidence provided by the responding exporters. The Authority has adopted China customs data only for the purpose of injury analysis.
- 60. For the purpose of injury analysis, the Authority is required to consider the trends in volume and price of imports. The Authority notes that the responding exporters have not provided information for the present injury period to determine volume and price of imports and therefore injury analysis in any case cannot be carried out using the information provided by the responding exporters from China.
- 61. The Authority after examining various arguments of all the interested parties including domestic industry during the investigation considers that adoption of China customs data for the purpose of determination of injury to the domestic industry is appropriate in the present case (in any case, the authority has adopted the information filed by the responding exporters with regard to dumping margin and injury margin). The prescribed unit of measurement under Customs Tariff Act is weight. It is noted that the Ministry of Finance in fact has been writing to the customs port authorities that the prescribed unit of measurement should be adopted for clearing the goods. However, the imports in DGCI&S or Cybex data have however been reported in a large number of other unit of measurement viz., Kgs, LOT, MT, NOs, Pcs, SET etc. in view of the fact that the importers have continued to ignore the prescribed unit of measurement and have been adopting different unit of measurements. By contrast, the export data in China customs reports imports in terms of weight only. It is thus evident that the Chinese exporters are reporting their exports to China customs on the basis of weight. However, these Chinese exporters are raising commercial invoices on the Indian importers where unit of measurement is being used is not weight. Resultantly, the importers are clearing the goods using a large number of different units of measurements.

Given the nature of product, it would be difficult to precisely determine volume of imports from Indian customs data when the unit of measurements in these import transactions is not weight. Even though the product is eventually consumed in numbers, assessment of volume and price of imports on the basis of numbers would be highly misleading in view of significant difference in the costs and prices of different types of the product, when measured in terms of numbers. The Authority has therefore considered weight of the product as the unit of measurement for the purpose of injury analysis, which is also the prescribed unit under the Customs Tariff Act. It is also noted that in those cases where insulators are made to order as per the customer's requirements, there is no standard weight and, if the imports have not been reported on weight basis, the weight of those consignment cannot be accurately determined. In case of China customs, it is noted that the prescribed unit of measurement in China customs is also weight and the exports from China have been reported in China customs on weight basis only. The authority also examined the questionnaire responses of the responding Chinese exporters and found that the cumulative volume of exports made by the responding exporters further establishes the China customs data is not inappropriate. The domestic industry has provided Chinese exporters wise data over the injury period (volume and price) and comparison of this information with the actual responses filed by the responding exporters further establishes that the information provided by the domestic industry on the basis of China customs data is appropriate. The authority has further compared the information provided by the petitioners with the UNCOMTRADE data available to the authority and found that the total volume and value of imports claimed by the petitioners on the basis of China customs data corroborates with the data available to the authority from UNCOMTRADE. It is also noted that the Director General (Safeguards) in the safeguard investigations relating to this product had also adopted China customs data. Further, since the investigations concerns imports from China, it would not be inappropriate to consider China customs data. In view of the foregoing, the Authority holds that it would be appropriate to adopt China customs for analyzing volume and value of imports.

62. Further, since the investigations concerns China as the subject country, it would not be inappropriate to adopt China customs data. It is also noted that the product is largely produced against specific orders and therefore the goods invoiced for exports to India were therefore meant for consumption in India.
63. The interested parties contended that the Indian customs data shows exports under the category of glass insulators. However, since glass insulators are not produced in India, this implied re-export of goods imported in India. The petitioners provided transaction wise export data as per Indian customs (based on IBIS), analysis of which shows that the product description in these exports does not show that these exports were of glass insulators.
64. As regards imports from other countries, the Authority has examined the imports data of the subject goods from DGCI&S for the purpose of evaluating injury to the domestic industry. It is noted that imports from third countries are

negligible and could not have caused claimed injury to the domestic industry. Further none of the interested parties have provided any evidence to show that imports from third countries are causing injury. Thus the adoption of different data sources for import analysis of appropriate indices have been used based on purpose and rational and not arbitrarily.

65. As regards excluded items, the issue was examined in the preliminary findings. The authority has once again considered the submissions of the interested parties and notes as follows
 - a. None of the responding exporters have exported any of the excluded items.
 - b. The domestic industry contended that imports of excluded items are quite low in volume.
 - a. Since China customs does not specify the full product description and contains only the description mentioned in the relevant HS code, detailed China customs data could not be used for identification of excluded item.
 - b. The DGCI&S data contains detailed description of the imported product and it is possible to identify imports of excluded items in DGCI&S data.
 - c. The responding parties have not provided any adequate or sufficient information on exports of excluded products from China to India.
66. In view of the above, the Authority considers that it would be appropriate to adopt DGCI&S data to determine volume and value of excluded items.
67. After examining the material placed by different interested parties, it is concluded that it would be appropriate to consider data from China Customs to determine volume and value of imports from China and DGCI&S data to determine volume and value of imports of excluded products. It is also noted that the Director General (Safeguards) had also adopted the same methodology in determination of volume and value of the imports of the product under consideration.
68. As regards consideration of Canada as appropriate market economy third country, the Authority has for the purpose of the present findings has not adopted Canada as an appropriate market economy third country for determining normal value in China.
69. As regards determination of net ex-factory export price in the petition, Authority notes that the petition is based on best available information. In any case, the Authority has now adopted questionnaire responses filed by the responding exporters for determination of export price.
70. As regards adoption of conversion factor in the petition for determination of normal value of glass insulators, the Authority holds that in view of the fact that porcelain and glass insulators have been held as like article, the normal value has been constructed as per the consistent practice of the Authority for a non market economy.
71. As regards the argument that the petitioners have equated importers with users, the Authority notes that the petitioners contended that majority of the

imports from China are by Power Grid Corpn., which is both an importer and consumer. In any case, the Authority has issued a notification, published in the Gazette of India, extraordinary. The consumers of the product in India are deemed to be aware of the present proceedings.

72. As regards adoption of different source of information for determination of volume and price of imports, the Authority notes that the petitioners have provided best available information in this regard. None of the interested parties have been able to provide or point out to any other source of information which could be adopted for the purpose.

DUMPING MARGIN

NORMAL VALUE

73. Under Section 9A(1)(c), normal value in relation to an article means:

(i) the comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
(ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either-

(a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or

(b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

Views of Exporters, Importers, Consumers and other Interested Parties

74. The following submissions are made by interested parties in respect of normal value, export price and dumping margin.
- a. At no point over the nine month period since the filing of the Exporters' MET questionnaires has the Designated Authority raised any questions or deficiencies with regard to the above MET issues identified in the Preliminary Finding. This is in clear violation of the principles of natural justice.
- b. Sediver should be granted MET

- c. Designated Authority can ratify the domestic industry's delay in providing relevant evidence and information necessary for the investigation with the explanation that the quality and quantity of evidence improves as the investigation progresses. However, the Exporters on the other hand are treated differently and not given any opportunity or prior notice with regard to any perceived deficiencies in their data, if any
- d. The dumping margin comparison and calculations used in the Finding have not been made available to the exporters. Despite several request, the Exporters are yet to receive any response in this behalf till date.
- e. Domestic industry does not manufacture glass insulators and majority of imports during period of investigation is of glass insulators. Despite these facts the Designated Authority has constructed normal value based on optimum norms of the domestic industry when glass insulators are not even produces in India. Preliminary findings with regard to normal value, dumping margin and injury margin are completely off the mark and incorrect.
- f. It is not disclosed that whether basic value in China Customs is CIF or FOB. No evidence given for net export price adjustments in the petition. These are based on assumptions. Exporters are clueless on the adjustments that Designated Authority considered while arriving at the export price in preliminary findings
- g. Despite arguments by both DI and respondents, DA has not determined separate normal value for glass and porcelain
- h. In nine months, the DA has not raised any deficiency with regard to MET. DA did not provide any opportunity to the exporters to defend their MET claim.
- i. With respect to the cost and operational differences, for the purposes of injury margin and dumping margin for glass insulators, the Normal Value and NIP should be reduced to the extent of this difference between the two insulator types when making the comparison. This is particularly relevant since the Indian producers do not make or sell glass insulators. Request Designated Authority to conduct detailed analysis of the relevant information since PGCIL is fully cooperative in the present investigation
- j. The Petitioners have contended that some companies should not be granted MET status based on a number of facts, listed by the Petitioner. The Petitioners have submitted that the MET claim of the Exporters should not be allowed to be clarified at this stage of the investigation. However, the Petitioners itself have admitted that the Hon'ble Designated Authority may seek clarifications with regard to the data filed. It is not for the Petitioners to determine whether or not the Hon'ble Designated Authority has a right to seek clarification and supplementary information. Further, having completely cooperated in the investigation, the Exporters have a right to provide information.
- k. For the purposes of determining dumping and injury, it must be ensured that a fair comparison is conducted taking into consideration all related costs and price parameters, as well as adjustments for physical differences. Any comparison done without due adjustments made between varying product categories is bound to lead to an unreliable analysis of dumping and injury.
- l. The dumping margin and injury margin comparisons made in the Provisional Findings appear to have been made on the basis of pieces and not weight. Therefore, it is entirely possible for conversion of pieces to weight on a

prescribed formula basis, taking into consideration the type of insulator in questions. In light of the above, the reason that the data is reported in pieces is not sufficient to disregard Indian import data in favour of Chinese customs data.

- m. In conjunction with the fact that ceramic insulators tend to break down much more frequently as compared to glass insulators, it is evident that the Hon'ble Designated Authority needs to make an adjustment to lower the normal value of glass insulators in order to account for this substantial difference in quality.
- n. The Petitioners have asked for an adjustment in the Export price of the product to adjust for the weight difference between glass and ceramic insulators. This appears to be merely a desperate and self serving attempt to maximize the margins of dumping and injury.
- o. As part of conducting a price effect analysis, the Designated Authority ought to have ensured that the price and cost differences between the various kinds of insulators (namely glass and ceramic) ought to be taken into consideration.
- p. Although cost has grown at a slightly higher rate than price of the DI, the price has grown at a comparable rate as well, despite alleged undercutting by the subject countries.
- q. With regard to the Petitioners' claims on Chinese Insulator Manufacturers, the Exporters submit that there appears to be no source or evidence provided in support of the data relied upon in this issue.
- r. Mere expansion of capacities in China is not a reason to levy duties on Chinese imports. There is a need to establish dumping, injury and causal link in order to justify a levy of anti-dumping duties. In this behalf, the increase in Chinese capacities has no correlation with the present investigation
- s. With respect to the inventories piled up on Aditya Nuvo, the Respondent contends that either the electrical insulators produced by them is so sub standard that their sale has been not possible for the past three years or else that Aditya Nuvo continued to manufacture the products despite already existent inventories and without any orders. As such, such bad decisions of Aditya Nuvo cannot be blamed on the imports from the subject country.
- t. The DI's contention that China was earlier a net importer of the subject product is irrelevant. The Chinese exporters are dealing in different product segments – glass insulators, which are not dumped or causing any injury to the DI.
- u. The DI has argued that the import price has fallen from the subject country however, the data provided by the DI itself does not support its argument, and shows that China prices to India is consistently higher than rest of the world.
- v. Designated Authority cannot construct normal value of glass insulators based on domestic industry optimum consumption norms because domestic industry does not produce glass insulators. Domestic industry's argument on weight difference is not supported by any technical literature and is unscientific.
- w. As regards market economy status, Zigong Sediver and Sediver Insulator, the Designated Authority may take appropriate view in this regard.

Views of the Domestic Industry before Issuance of preliminary findings

75. The domestic industry has made the following submissions with regard to normal value, export price and dumping margin.
- a. China should be considered a non-market economy, in line with the position taken by the Authority in previous cases, and by investigating authorities in other countries. Chinese producers' cost and price cannot be relied upon for determination of normal value.
 - b. Market economy status cannot be granted unless following conditions are fulfilled.
 - i. Market economy status cannot be given in a situation where one of the major shareholders is a State owned/controlled entity
 - ii. Market economy status cannot be given unless the responding Chinese exporters establish that the prices of major inputs substantially reflect market values
 - iii. Market economy status cannot be given unless the responding exporter establish that their books are audited in line with international accounting standards
 - iv. Market economy status cannot be granted even if one of the parameters is not satisfied
 - v. The onus/obligations to establish market economy status is onto responding Chinese exporters and not onto the Designated Authority.
 - vi. Market economy status cannot be granted unless the responding company and its group as a whole make the claim.
 - vii. In a situation where the current shareholders have not set up their production facilities themselves but have acquired the same from some other party, market economy status cannot be granted unless process of transformation has been completely established through documentary evidence.
 - c. The major inputs required for the production of the product are metal parts and fuel in the form of natural gas, LPG or liquid fuels such as kerosene oil, furnace oil, etc. Steel prices in China do not substantially reflect market values. Chinese steel companies benefit heavily from government subsidies. As regards fuel, its prices do not reflect market values in China.
 - d. Besides subsidies for specific industry-related raw materials, all industrial state-owned enterprises (SOEs) received energy subsidies. Distortions caused by the intervention of the government have led to overcapacity.
 - e. The applicants have determined normal value of Porcelain/Ceramic Insulator based on constructed cost of production of the subject goods.
 - f. The applicants determined separate normal value for Porcelain/Ceramic and Glass insulators .
 - g. The applicants determined normal value for Glass insulators in three different ways:
 - i. Prices prevailing in the market economy third country (Canada).
 - ii. Best cost estimates derived by the applicants for cost of glass insulators.
 - iii. Based on normal value of porcelain insulators, duly adjusted for the weight difference.

- h. Applicants determined weighted average import price on the basis of import data. The export prices have been adjusted for Commission, Port Expenses, Inland Freight and Bank Charges.
- i. The web research done by the domestic industry shows that all related companies of Zigong Sediver Toughened Glass Insulator Co. Ltd. and Sediver Insulators (Shanghai) Co. Ltd involved in production of product under consideration have not responded to the present investigation.
- j. The exporter has provided no evidence to establish that prices of inputs procured substantially reflected market value.
- k. The gaps in the questionnaire response filed by Zigong Sediver Toughened Glass Insulator Co. Ltd. and Sediver Insulators (Shanghai) Co. Ltd are in the nature of vital defects in the questionnaire responses and the exporter has cautiously decided not to provide relevant information. Thus, the Designated Authority is not under obligation to point out these defects in the questionnaire responses. The opportunities for clarification or rectifying deficiencies cannot be used to file complete questionnaire response.
- l. Shanghai Seves Glass Co.Ltd. makes glass cells and Zigong Safam Cast Iron Co Ltd makes caps for insulators for Zigong Sediver and SediverShanghai. The basic production process involved in glass insulator is in making glass cells. In fact, once glass cells has been made, the only production process left out is fixing of metal parts, which is a screw driver technology. The basic production technology, plant & equipment, manufacturing process, investment is in making glass cells. The costs upto the stage of glass cells constitutes majority of the cost of production of a glass insulator. Such manufacturing activities are undertaken by Shanghai Seves Glass Co.Ltd. Thus, the basic manufacturing activities are undertaken by a company who is not before the Authority. In the absence of questionnaire response from these companies who are making glass cells and caps for glass insulators, it would not be possible for the Authority to undertake verification of production and cost of production involved in producing and selling glass insulators. The questionnaire response is thus grossly incomplete and inadequate for normal value determination. The petitioner submits that this fact alone sufficient to reject the entire response as far as determination of normal value is concerned.

Views of the Domestic Industry post Issuance of preliminary findings

76. The domestic industry has made the following additional submissions with regard to normal value, export price and dumping margin after issuance of preliminary findings.
- a. As regards MET Claim, response from all companies involved in production and sale of the product under consideration not on record even after preliminary findings. The exporter has provided no evidence to establish that prices of inputs substantially reflected market value
 - b. As regards opportunity to the exporters to rectify deficiency same as domestic industry, it is the domestic industry who has suffered because of this additional time taken by the Designated Authority. It is not the exporters who have suffered in the process. In fact, the exporters who have been hugely benefitted by the delay in interim findings, as is clearly established by following tenders which

were opened by Power Grid after initiation of investigation and where orders have been placed ignoring preliminary findings.

- c. As regards disclosure of dumping margin comparison and calculation, normal value has been constructed on the basis of the cost information of the domestic industry. Information relation to cost of domestic industry is highly business sensitive and cannot be disclosed.

EXAMINATION BY THE AUTHORITY

77. The Authority sent questionnaires to the known exporters/producers from the subject country, advising them to provide information in the form and manner prescribed. The following parties have filed exporter questionnaire responses:
- i. Nanjing Electric (Group) Co Ltd
 - ii. Zigong Sediver Toughened Glass Insulator Co. Ltd.
 - iii. Sediver Insulators (Shanghai) Co. Ltd.
 - iv. Dalian Insulator Group Co. Ltd.
 - v. LilingHuaxin Insulator Technology Co., Ltd
 - vi. LilingHuacheng Insulators Co., Ltd.
 - vii. Sichuan Yibin Global Group Co., Ltd.
 - viii. Chengdu Global Special-Glass Manufacturing Co., Ltd.
 - ix. Sediver S.A. (France)
78. In addition to exporter questionnaire responses, the following companies from the subject country have filed market economy questionnaire responses:
- i. Zigong Sediver Toughened Glass Insulator Co. Ltd.
 - ii. Sediver Insulators (Shanghai) Co. Ltd.

Examination of Market economy claims

79. The Authority notes that in the past three years, China PR has been treated as a non-market economy country in the anti-dumping investigations by other WTO Members. Therefore, in terms of para 8 (2) of the annexure 1 of AD rules, China PR has been treated as a non-market economy country subject to rebuttal of the above presumption by the exporting country or individual exporters in terms of the above Rules.
80. As per Paragraph 8, Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provides information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove to the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China PR are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-
- a. The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference

in this regard, and whether costs of major inputs substantially reflect market values;

- b. The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
 - c. Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - d. The exchange rate conversions are carried out at the market rate
81. The Authority notes that Zigong Sediver Toughened Glass Insulator Co. Ltd. and Sediver Insulators (Shanghai) Co. Ltd from China PR have responded to the questionnaire pertaining to market economy status and to the exporters' questionnaire, consequent upon the initiation notice issued by the Authority and rebutted the non-market economy presumption. The questionnaire responses and the market economy responses of the responding producers and exporters were examined for determination of normal value of the responding producers/ exporter of the subject goods.
82. The Authority has examined the submissions of the cooperating exporter, Zigong Sediver Toughened Glass Insulator Co. Ltd. based on its responses to the market economy questionnaire and also with regard to various appendices of the exporter's questionnaire. After examining the responses, the Authority finds that Zigong Sediver Toughened Glass Insulator Co. Ltd. was established in 1993 under Chinese laws. It is a Joint-Venture limited liability company. 98% of the Company shares is owned by Seves S.p.A and 2% of the Company share is owned by Zigong Chuan Sheng Electrica Porcelain Insulator co. The Company's majority shareholder Seves S.p.A. controls/owns number of companies in China that produce / export the subject merchandise. However these producers of the product concerned from China PR have not responded to the present investigation. , although it is claimed that these companies did not exported insulators to India during Period of Investigation.
83. Since MET criteria must be requested and fulfilled for all companies within the same group, it has not been established that the MET claim is complete. Further PPC Wuxi Insulator Co Ltd, a company of Seves Group manufactures porcelain insulators and has not responded to the present investigation. Normal value determination of the Zigong Sediver Toughened Glass Insulator Co. Ltd on the basis of its domestic sales of glass insulators would not be adequate as the related party PPC Wuxi Insulator Co Ltd who is a producer of porcelain insulators in China would also have porcelain domestic sales and that cannot be ignored. In any case, market economy treatment claim cannot be considered as complete unless all companies involved in production and sale of the product under consideration are before the Authority through questionnaire response. The company has also admitted that it is procuring inputs from related companies but these are not before the Authority as they have not filed response. However, it is noted that this company has not substantiated their inputs provided by related parties are at market price.

84. Further with reference to major inputs required for the production of the product i.e., metal and fuel, the exporter has not provided any evidence to establish that the prices of these inputs substantially reflect market values.
85. It is also noted that there are other producers of glass and porcelain insulators in China, who have filed questionnaire response and have not claimed market economy treatment.
86. It is also noted that Sediver Insulators (Shanghai) Co. Ltd has also responded to market economy questionnaire response. Sediver Insulator (Shanghai) Co. Ltd. ("Company") was established in 2007 under Chinese laws. It is a 100% foreign-owned limited liability company. It has been claimed that the Company has no structure changes in the past three years. It is registered at 162 338 Minle Road, Spark Zone, Shanghai, China 201319. The Company is 100% owned by SevesS.p.A. SevesS.p.A. has related companies in China which are related to the sales of the subject merchandise. The company has also admitted that it is procuring inputs from related companies and has not substantiated their inputs provided by related parties are at market price. In view of the position explained market economy status for present findings cannot be given to Sediver Insulators (Shanghai) Co as Zigong Sediver Toughened Glass Insulator Co. Ltd. and Sediver Insulators (Shanghai) Co. Ltd are owned by SevesS.p.A and thus are related companies
87. Further, Vide letter dated 11th February, 2015 Zigong Sediver Toughened Glass Insulator Co. Ltd and Sediver Insulators (Shanghai) Co. Ltd has withdrawn their claim of market economy treatment.
88. Therefore in view of the facts placed on record by the domestic industry and withdrawal of market economy treatment claim by the exporter and producer from China PR, the Authority has not granted market economy treatment to the company and has adopted the constructed normal value for determination of normal value in terms of Para-7 to Annexure-1 to the Rules.
89. Sediver SA France has exported to India the product under consideration produced by Sediver Insulators (Shanghai) Co and has filed Exporter's questionnaire response

Liling Huaxin Insulator Technology Co., Ltd and Liling Huacheng Insulators Co., Ltd.

90. This questionnaire is replied by LilingHuaxin Insulator Technology Co., Ltd. ("LilingHuaxin", or "the company") and its subsidiary company LilingHuacheng Insulators Co., Ltd. ("LilingHuacheng"). LilingHuaxin is an exporting producer of the subject merchandise which involves into the activities of production, domestic sales and export sales to both India and other third countries. Its subsidiary company LilingHuacheng is a producer of the subject merchandise and only makes domestic sales. The company and its affiliated LilingHuacheng have not applied for the Market Economy Treatment ("MET") in this investigation. The two companies have filed one consolidated questionnaire response. The company has claimed that, there aren't any other related

companies engaged in production and sale of the subject goods both in China and other countries. Further they have claimed that the company has not given any such incentives by the government in any form to the product concerned. Huacheng doesn't have the product brochure and share the same product code with Huaxin. The Company has claimed that the negotiation and sales process in the home market and export to India are generally the same. The company doesn't issue such price lists for sales in both markets. The sales are negotiated on a transaction basis.

Sichuan Yibin Global Group Company and Chengdu Global Special-Glass Manufacturing Co., Ltd.

91. This questionnaire is replied by Sichuan Yibin Global Group Co., Ltd. ("Yibin Global", or "the company") and its subsidiary company Chengdu Global Special – Glass Manufacturing Co., Ltd. ("Chengdu Global"). Yibin Global is an exporter of the subject goods which involves into the activities of domestic and export sales to both India and other third countries. Its subsidiary company Chengdu Global is a producer of the subject goods. All the products manufactured by Chengdu Global are first sold to Yibin Global, and further resold to all markets by Yibin Global. The company and its affiliated Chengdu Global have not applied for the Market Economy Treatment ("MET") in this investigation. The two companies have filed one consolidated questionnaire response. Tianwo Trading Co., Ltd., as a paper company, involved into the sale of subject goods between Chengdu Global and Yibin Global. No actual sales and production activities are conducted and it is only for accounting purpose. The company has claimed that as far as the it knows, there aren't any other related companies engaged in production and sale of the subject goods both in China and other countries. Further it claimed that they are not given incentives by the government in any form to the product concerned and no other subsidiaries or other related companies in all countries are involved with production, sales, or supply of raw materials of the product concerned. The company has claimed that the negotiation and sales process in the home market and export to India are generally the same. The company doesn't issue such price lists for sales in both markets. The sales are negotiated on a transaction basis.

Dalian Insulator Group Co. Ltd.

92. The Company was established with the name Dalian Insulator Co., Ltd. on July 16th, 2003 as a limited liability company with registered capital RMB *** and obtained the business license on November 15th of the same year. On February 19th, 2009, the name of the Company was changed into Dalian Insulator Group Co., Ltd. On August 13th, 2009, the audited net assets of the Company were converted into *** shares and the Company was changed into a company limited by shares. On August 5th, 2011, the Company was listed for trading at the SME board of Shenzhen Stock Exchange. In addition to the above, the Business Scope and other registration particulars of the Company do not change. The exported product of the Company is under the policy of value added tax return on exports stipulated by Chinese government. The VAT return rate for the subject goods is 17%. The company has claimed that there

are no financial or contractual links and joint ventures with any other company concerning Research and Development, production, sales, licensing, technical and patent agreements for the product concerned. The company has claimed that they sell directly to the Indian and domestic customers. Dalian Insulator and their clients contact with each other for general information at the beginning of selling the goods, and keep negotiating on prices, quantity, delivery date and payment condition until agreement is reached. After execution of the contract, both parties perform their responsibilities according to the contract. Further they have claimed that they have no price lists for sales in the home market and exports to India. Sale price is determined by negotiation of both parties taking into consideration of our production cost, SA&G and reasonable profit, which shall follow the market supply and demand. The producer/exporter has not claimed market economy treatment.

Nanjing Electric (Group) Co. Ltd.

93. Nanjing Electric (Group) Co. Ltd. (“producer/exporter”) was established in December 1997 as a limited liability company under Chinese Company Law, and registered at No. 63, TAIXIN Road, Nanjing, 210038, Jiangsu, China. Since 2004, Nanjing Electric (Group) Co. Ltd. is 100% controlled by Baiyun Electric Group. The two current shareholders of Nanjing Electric (Group) Co. Ltd. are Baiyun Electric Group Co. Ltd. and its subsidiary Guangzhou Baiyun Electric Investment Co. Ltd. Nanjing Electric (Group) Co. Ltd. is the only producer of electrical insulators within Baiyun Group. The producer/exporter only produces Toughened Glass Insulators and a limited quantity of Composite Insulators and High Voltage Porcelain Insulators. During the period of investigation, the producer/exporter only exported “Toughened Glass Insulators of Cap and Pin Type” to India. The producer/exporter makes direct sales to end-users in Indian market through bidding process. The producer/exporter has only one subsidiary that is still in its initial process, and does not have any business activity. The subsidiary is not involved in manufacture of the product under investigation. The producer/exporter has not claimed market economy treatment.

Methodology for determination of normal value

94. In view of the above, the Authority has determined normal value having regard to para-7 of Annexure-I for the purpose of present investigation. The normal value for the subject products imported from China PR into India has been constructed considering optimum consumption norms of the domestic industry for major raw materials, international prices for quartz, cost of other raw materials as per domestic industry prices, conversion cost, interest, SGA etc. at the levels allowed for the domestic industry. 5% of cost of sales excluding interest has been allowed towards reasonable profit.
95. For the purpose of the present investigation, the Authority has not determined separate normal value for glass insulators, even though the petitioners have contended that the normal value of glass insulators shall be significantly higher than the normal value for porcelain insulators, when determined in terms of weight. The petitioners have contended that normal value for glass insulators should be considered at higher level at least to the extent of the weight

difference between the glass and porcelain insulators. To determine normal value of Glass Insulators, the Authority requires input consumption and conversion cost data of Glass Insulator. Since Domestic Industry is not producing Glass Insulator, these data could not be provided by Domestic Industry. M/s Sediver has provided cost data of glass insulator but could not be adopted as MET is not granted to them. It is also noted that customer are procuring glass and porcelain Insulator on the basis of prices. In view of the non availability of any reliable and verifiable data of glass insulators, the Authority has considered the Normal Value of Porcelain and Glass Insulator of the same level although Domestic Industry has contended that Normal Value of glass insulators shall be significantly higher than the normal value for porcelain insulators, when determined in terms of weight. The constructed normal value determined for China PR is shown in the dumping margin table below under the heading Dumping Margin.

2 EXPORT PRICE

Zigong Sediver Toughened Glass Insulator Co. Ltd.

96. Zigong Sediver Toughened Glass Insulator Co. Ltd. has reported export of subject goods to India during the POI. The goods have been sold directly to customers in India. The company has exported only toughened glass insulators in India during the investigation period. Further, the company has exported AC and DC insulators of mechanical strength 70 KN, 120 KN, 160 KN, 210 KN and 420 KN, during the investigation period. The sales to Indian customers are on CIF basis. The exporter has claimed adjustments towards overseas expenses, overseas insurance and credit cost to arrive at ex factory export price. The Authority has determined the weighted average export price of the above exporter as US\$ *** per MT.

Sediver Insulators (Shanghai) Co. Ltd.

97. Sediver Insulators (Shanghai) Co. Ltd. has reported export of subject goods to India during the POI. The goods have been sold to direct customers in India. The company has exported only glass disc insulators in India during the investigation period. Further, the company has exported AC insulators of mechanical strength 120 KN, 160 KN and 210 KN during the investigation period. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards inland freight, overseas freight, overseas insurance and credit cost to arrive at exfactory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

Sediver Insulators (Shanghai) Co. Ltd. (producer) through Sediver S.A. (France) (Exporter)

98. Sediver Insulators (Shanghai) Co. Ltd. through Sediver S.A. (France) (Exporter) has reported export of subject goods to India during the POI. The goods have been sold through Sediver S A to direct customers in India. The company has exported only glass disc insulators in India during the investigation period. Further, the company has exported AC insulators of

mechanical strength 120 KN, 160 KN and 210 KN during the investigation period. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards inland freight including insurance, clearance and handling charges; international freight, international insurance, commission and bank charges to arrive at ex-factory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

LilingHuaxin Insulator Technology Co., Ltd and LilingHuacheng Insulators Co., Ltd.

99. LilingHuaxin Insulator Technology Co., Ltd. has reported export of subject goods to India during the POI. The goods have been sold directly to customers in India. The company has exported only hollow porcelain insulators in India during the investigation period. Further, the company has exported AC insulators of mechanical strength 5.1-10 KN, 10.1-20 KN, 20.1-30 KN, 30.1-50 KN and 50.1 KN during the investigation period. The sales to Indian customers are on CIF basis. The exporter has claimed adjustments towards internal transportation, port auxiliary fees, overseas transportation and insurance and credit cost to arrive at ex-factory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

Chengdu Global Special-Glass Manufacturing Co., Ltd and Sichuan Yibin Global Group Co., Ltd.

100. Sichuan Yibin Global Group Co., Ltd. has reported export of subject goods to India during the POI. The goods have been sold to direct customers in India. The company has exported only glass disc insulators in India during the investigation period. Further, the company has exported AC insulators with mechanical strength 120 KN, 160 KN and 210 KN during the investigation period.. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards inland freight and port charges, ocean freight and ocean insurance to arrive at ex-factory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

Dalian Insulator Group Co. Ltd.

101. Dalian Insulator Group Co. Ltd. has reported export of subject goods to India during the POI. The company has exported only disc and solid core insulators in India during the investigation period. Further, the company has exported AC and DC insulators of mechanical strength 120-160 KN, 210 KN and 320-420 KN during the investigation period. The sales to Indian customers are in CIF and CFR term. The exporter has claimed adjustments towards ocean freight, insurance, handling, fumigation inspection, CHA, custom clearance and bank charges to arrive at ex-factory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

.Nanjing Electric (Group) Co Ltd

102. Nanjing Electric (Group) Co Ltd. has reported export of subject goods to India during the POI. The goods have been sold to direct customers in India. The company has exported only glass disc insulators in India during the investigation period. Further, the company has exported AC insulators of mechanical strength 120 KN, 160 KN and 210 KN during the investigation

period. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards inland transportation, handling and loading charges, ocean freight, insurance, credit cost, bank charges and export packing to arrive at ex-factory export price. The Authority has determined the weighted average export price of the above exporter as US\$*** per MT.

3 DUMPING MARGIN

103. The export price to India (net of all the adjustments claimed by the exporter and accepted by the Authority) have been compared with the normal value to determine dumping margin. Separate normal value and export price has been determined for each type of insulator exported to India. The Authority in the disclosure statement had disclosed the adjustments on the export price of every cooperating exporter. None of the interested parties including domestic industry has raised any contention on the proposed export price adjustments which have therefore been adopted in these findings. The dumping margin during the POI for all exporters/producers from subject country has been determined as provided in the table below.

S.No	Producer	Exporter	Normal Value	Net Export Price	Dumping Margin	Dumping Margin	Dumping Margin
			US\$/MT	US\$/MT	US\$/MT	%	% Range
1	Nanjing Electric (Group) Co Ltd	Nanjing Electric (Group) Co Ltd	***	***	***	***	105-115
2	Zigong Sediver Toughened Glass Insulator Co. Ltd.	Zigong Sediver Toughened Glass Insulator Co. Ltd.	***	***	***	***	40-50
3	Sediver Insulators (Shanghai) Co. Ltd.	Sediver Insulators (Shanghai) Co. Ltd.	***	***	***	***	40-50
4	Sediver Insulators (Shanghai) Co. Ltd.	Sediver SA.	***	***	***	***	25-35
	Weighted Average (2+3+4)		***	***	***	***	40-50
5	Dalian Insulator Group Co. Ltd.	Dalian Insulator Group Co. Ltd.	***	***	***	***	80-90
6	LilingHuaxin Insulator Technology Co., Ltd	LilingHuaxin Insulator Technology Co., Ltd	***	***	***	***	10-20
7	Chengdu Global Special-Glass Manufacturing Co., Ltd.	Sichuan Yibin Global Group Co., Ltd.	***	***	***	***	110-120

Export Price and Dumping Margin for other producers and exporters from subject country

104. The Authority notes that response to questionnaire has been filed only by some of the exporters of the product under consideration from China. Other exporters from China have not cooperated with the Authority in providing relevant information in the form and manner prescribed. The Normal Value and export price to India in respect of other producers and exporters in China has been determined on the basis of best information available. Information provided by the responding exporters has been adopted for the purpose. The dumping margin so worked out is mentioned in the table below.

Particulars	US\$/MT
Normal Value	***
Net Export Price	***
Dumping Margin	***
Dumping Margin %	***
Dumping Margin % Range	200-210

105. It is seen that the dumping margins are quite significant and more than the limits prescribed under the Rules in respect of exports made by all the Chinese producers-exporters of the product under consideration.

106. As regards disclosure of dumping margin comparison and calculations, it is noted that normal value for determination of dumping margin has been determined considering cost of domestic industry, which is confidential information of domestic industry and hence cannot be disclosed. Disclosure of dumping margin would disclose the normal value as exporters are aware of their export price. However, range of dumping margin has been provided.

D. INJURY

Views of Exporters, Importers, Consumers and other Interested Parties before Issuance of preliminary findings

107. The interested parties have raised following issues.

- a. Review of price bids of PGCIL would show that domestic producers are undercutting the prices of each other and that cannot be attributed to imports.
- b. Article 3.4 of the WTO AD Agreement mandates that domestic industry is required to show actual and potential decline in sales, profits, output, market share, productivity, return on investments, or utilization incapacity. The domestic industry has not only failed to show actual decline is certain factors but has also not shown potential decline in any of the factors.
- c. Production of domestic industry has only marginally declined in POI. This decline is due to inability of the domestic industry to upgrade its facilities to produce high voltage rating Electrical Insulators. This demand is met by imports.

- d. Excluding WSI, domestic industry profitability has declined in period of investigation which is a temporary fall. Including WSI shows decline in profits which means only WSI has suffered losses.
- e. The domestic industry has claimed significant deterioration in profits when the range of price undercutting is consistent (20-40%).
- f. Domestic industry's injury claim is based on a temporary decline in production and profitability in the POI, while in their annual reports they have quoted the contrary. M/s Modern Industries has reported profit in its Annual Report dated 2012-13, and M/s Aditya Birla Nuvo Limited has further reported in their Annual Report 2012-13 that capacity utilization and productivity of domestic manufacturers will improve due to imposition of safeguard duty.
- g. Capacity utilization has shown a constant favorable trend in injury period, and dipped only marginally in the POI by 9%. The actual reason is that the domestic industry has not been able to upgrade its facilities to manufacture higher voltage rating electrical insulators, which are in high demand by Indian users.
- h. Domestic industry has reported ROI in same range (0-20%). Since capacity utilization has declined and ROI is positive, it shows profit margins have increased. Further sales price increased, whereas cost declined, which lead to increase in profit margin.
- i. The domestic industry is performing well in terms of productivity. Number of employees was at 102 indexed points in POI. Productivity per employee has remained very high. Sales have been high throughout injury period, only showing a marginal decline of 10% which cannot be attributed to imports.
- j. The domestic industry is able to sell its goods at a very high price in POI. Decrease in sales volume is due to trend in power sector as reported in annual report of ABI. Annual report of Hindustan Vidyut states that demand of product is likely to improve. Therefore decline in sales is temporary. Fluctuation within 10% is common in business operations.
- k. Domestic industry would be able to meet only 89% of the demand. But due to its inefficiency domestic industry is only able to meet 52% of the demand and that cannot be attributed to imports.
- l. There is no causal link between injury and dumping. Following are relevant
 - i. Despite increase in selling price, profitability has declined.
 - ii. ABI conceded level playing field and Modern stated encouraging circumstances due to imposition of safeguard duty.
 - iii. Hindustan Vidyut also reported increase in sales due to increase in investments by NTPC and PGCIL.
 - iv. Decline in profits is due to change in consumer preference to polymer insulator as stated by Hindustan Vidyut.
 - v. As this industry is an order-based industry, all domestic producers indulge in lowering their prices to win tenders and orders and not due to imports. Inter se competition in the market is the cause of injury, as it is an order based industry and number of bulk buyers are only few.
 - vi. Under-utilization and inability of the domestic industry to upgrade their production facilities to produce high voltage insulators are factors that are intrinsic to domestic industry alone.

- m. Public interest: domestic industry does not stand to gain anything with imposition of anti dumping duty when price undercutting is a result of inter se competition and not imports. ADD will drive prices upwards to the detriment of consumers.

Views of Exporters, Importers, Consumers and other Interested Parties post issuance of preliminary findings

108. The interested parties have raised following additional issues after issuance of preliminary findings
- a. While the Authority has indicated that Safeguard Duties have been considered in the injury analysis, it has not been demonstrated how the landed price calculation has incorporated safeguard duties
 - b. Why the domestic industry continues to suffer injuries despite such high duties being in place. If 35% duties are not sufficient to remedy any injury being suffered by the domestic industry, then any anti-dumping duty may not be able to rectify the alleged injury as well.
 - c. Prior to conducting a volume effect analysis, the Designated Authority ought to revisit the import data whereby the Exporters deserve an opportunity to comment upon the same
 - d. While glass and ceramic may be two sub categories of the product under consideration, there is a cost and price differences between the two which requires a price adjustment to be done between both the products inter se. Any price effect analysis without an effective price adjustment would only lead to an inaccurate conclusion on injury
 - e. While the domestic industry's price has increased, the import prices have not followed the same trend and remained same thus establishing a complete lack of any link of causality between the two prices.
 - f. The Exporters regularly participate in the bids conducted for the Indian power projects whereby a large share of recent bids has been awarded to Indian producers. These bids are decided predominantly on a cost analysis. It appears highly unlikely that Chinese producers participating in these bids are undercutting the Indian producers and yet the bids are being awarded to the Indian producers. Price effect analysis should be conducted on the basis of bids since price offered can be compared only on a bid-to-bid basis
 - g. Although cost has grown at a slightly higher rate than price of the domestic industry, the price has grown at a comparable rate as well, despite alleged undercutting by the subject countries
 - h. Designated Authority is required to provide tenable evidence to establish that the respective disposable capacities are likely to be directed towards exports to India in order to establish threat of injury
 - i. There is no substantiation of the claim that there is drop in Chinese demand in terms of data or market reports. The demand in China is expected to keep increasing at a healthy rate over the next 4-5 years
 - j. Anti-dumping duties cannot be used as a shield to protect the domestic industry against alleged subsidies (if any) enjoyed by the Chinese

- producers. There is a specific trade remedial measure available to the domestic industry
- k. The causal link analysis of the present finding merely examines the five factors listed above as formality without any actual investigation as to whether there are truly any other factors that may have caused injury to the domestic industry.
 - l. Petitioners are export-centric entities and the injury if any is attributable, to the decline in Exports of the Petitioners.
 - m. None of the domestic industry members (except BHEL) produce higher KV insulators, with voltage of 765 KV and above i.e. electromechanical strength of 420 KN and above. Further, the domestic industry members apart from BHEL do not have the necessary experience/know-how to participate in tenders for 765 KV and above. Even though there is a capability in one domestic industry member to produce insulators of 420 KN and above, it is nowhere near sufficient to meet the demand of the country.
 - n. The government of India has previously taken an adverse stand when the power sector's stability and growth have been affected by the levy of trade remedial measures (Solar Cells). Requested that the Authority should exclude higher KN value insulators from the present product scope in public interest.
 - o. Imposition of anti-dumping duty will affect the interest of Govt of India, Public Sector (PGCIL, SBBs) and also the ultimate consumer, industrial and household.
 - p. Domestic industry has not established potential decline anywhere in the petition
 - q. In preliminary findings, the Designated Authority has considered bids awarded by PGCIL in 2014 leaving a gap of 2013 after the end of period of investigation. The reason being that during 2013, all bids were awarded to BHEL only which is now operating at 100% utilization
 - r. Production of domestic industry has only marginally declined in POI. This decline is due to inability of the domestic industry to upgrade its facilities to produce high voltage rating Electrical Insulators. This demand is met by imports.
 - s. Excluding WSI, domestic industry profitability has declined in period of investigation which is a temporary fall. Including WSI shows decline in profits which means only WSI has suffered losses
 - t. Difficult to reconcile huge losses to domestic industry when the range of price undercutting is consistent (20-40%)
 - u. Modern insulators have recorded profits in annual report while ABI reported that capacity utilization and productivity will improve with imposition of safeguard duty.
 - v. Reduction in capacity utilization is due to inefficiency of domestic industry as they are unable to upgrade their facilities to produce high voltage Electrical Insulators as demand of such insulators are increasing and

- capacity utilization of low voltage rating Electrical Insulators would obviously fall
- w. Domestic industry has reported ROI in same range (0-20%). Since production utilization has declined and ROI is positive it shows profit margins have increased. Further sales price increased cost decreased which lead to increase in profit margin.
 - x. Domestic industry is performing well in productivity. Marginal decline is not adverse. The trend of employees and productivity has generally remained positive for most of the injury period.
 - y. Sales have shown consistent increase. Decrease in sales is due to trend in power sector as reported in annual report of ABI. Annual report of Hindustan Vidyut states that demand of product is likely to improve. Therefore decline in sales is temporary. Fluctuation within 10% is common in the business operations.
 - z. Domestic industry would be able to meet only 89% of the demand. But due to under utilization of demand due to its inefficiency domestic industry is only able to meet 52% of the demand and that cannot be attributed to imports.
 - aa. Despite increase in selling price profitability has declined
 - bb. ABI conceded level playing field and Modern stated encouraging circumstances due to imposition of safeguard duty.
 - cc. Hindustan Vidyut also reported increase in sales due to increase in investments by NTPC and PGCIL.
 - dd. Decline in profits is due to change in consumer preference to polymer insulator as stated by Hindustan Vidyut
 - ee. PGCIL awards contracts to the domestic industry only to support the domestic industry but recognizes that glass insulators are better. PGCIL made it clear awarding same tender does not mean that glass and porcelain are like article. PGCIL clarified that glass insulators are much superior than porcelain insulators due to operational and technical reasons.
 - ff. Inter se competition in the market as it is an order based industry and number of bulk buyers are only few
 - gg. Under utilization of capacity as domestic industry is not able to meet the increasing demand in India. Therefore consumers are shifting to polymer insulator manufacturers
 - hh. Public interest: domestic industry does not stand to gain anything with imposition of ADD when price undercutting is a result of inter se competition and not imports. ADD will drive prices upwards to the detriment of consumers. To impose anti-dumping duty on an essential product which is required to set up electricity grids in India, will retard the development of the Indian grid and would be against the long term interest of the Indian industry.
 - ii. Anti-dumping duty should be imposed in such a manner that healthy competition level is maintained while providing reasonable protection of the Indian manufacturers

- jj. As the exact weight of the insulators may only be known after actual manufacturing, imposition of anti-dumping duty on absolute basis US\$/MT may lead to complexities. Anti-dumping duty may be imposed on percentage terms. However, if the anti-dumping duty be imposed in absolute terms, then normative weight of each type of disc insulators be indicated in the notification for facilitating calculation of duty incidence at the time of bid evaluation.
- kk. Anti-dumping duty may be made effective only on such contracts which are awarded after the said duty comes into effect and not retrospectively in view of additions on procurement cost of PGCIL, it will result in enhanced transmission tariff and additional cost burden on general public at large.
- ll. The projects funded by World Bank/ADB which are exempted from custom duties also be exempted from anti-dumping duty.
- mm. Powergrid has been placing development orders for insulators to the Indian firms. However, the firms are not meeting the regular qualifications requirement pertaining to technical experience in order to qualify for consideration of awards. Technical requirements have recently being relaxed for indigenous bidders
- nn. Participation of foreign firms in tenders is also serving to enhance competitiveness in the bidding process as domestic manufacturers too are in a position to offer competitive prices (example of Champa- Kurulshetra transmission line where BHEL won the tender
- oo. There is continuous gap between demand and capacity. Capacity utilization of the domestic industry is satisfactory except in 2012-13. Powergrid requirement is mainly for 765 KV/800KV transmission lines where Indian manufacturers have limited capacity
- pp. For metal fittings there are limited suppliers. Due to this the supply of electrical insulator as per contract delivery schedule has been affected in almost all the cases. Even contracts awarded to BHEL got affected due to capacity limitation and non availability of metal fittings. Same is the case with other manufacturers. Imposition of anti-dumping duty on extra high voltage insulator may lead to capacity constraint in India.
- qq. Non Injurious Price if determined by adopting GFA will highly be inflated and not based on real situation
- rr. Designated Authority should adopt ROCE earned by the industry when there was no allegation of dumping as reasonable profit margin and not 22% ROCE. 22% ROCE gives undue advantage and protection to domestic industry. 41% profit margin on equity in no terms can be considered as reasonable. EU practice clearly establishes that profit margin to be considered while arriving at reasonable return should be based on analysis of profits when there was no dumping and uniform application of 22% profit margin is based on some hypothetical consideration is illogical and cannot be reasonable.
- ss. India was net exporter till 2006. Substantial new capacity and production came on stream overseas which made it harder for Indian manufacturers to maintain large volume of exports

- tt. Depreciation of Indian rupee has made imports from China costlier as compared to earlier period. Recent offers from Chinese manufacturers for hollow and solid core insulators show higher landed price as compared to the offers by Indian manufacturers. Therefore dumping from china is no longer a threat and anti-dumping duty should not be levied.
- uu. Since imposition of anti-dumping duty, the Indian manufacturers have been demanding price increase for the last two years in range of 10-20% for all type of insulators. Overall electric industry, consumers and also global market to which exports are made by ABB is also not growing
- vv. Over last 5 year period Chinese yuan has appreciated against US\$ and exports have become less remunerative for them. Still, Chinese manufactures managed to sustain their business. Innovative initiative by the Indian manufactures on their day to day business will help them to survive and make their operations viable and sustainable.
- ww. No analysis of potential decline
- xx. Inaccuracies with regard to data related to demand, capacity, production, capacity utilization, domestic sales and market share in application and preliminary findings
- yy. Submissions of interested parties on demand supply gap ignored
- zz. DA is trying to influence the decision of PGCIL with regard to sourcing of electrical insulator from China by way of levying anti-dumping duty. DA has created non level playing field.
- aaa. Designated Authority failed to appreciate the aspect of inter se competition
- bbb. Buyers are opting for polymer insulator instead of ceramic insulator.
- ccc. Annual report of three companies shows existence of level playing field.
- ddd. Designated Authority has not examined the issue of whether such provisional duty is required to prevent injury during the course of investigation. Violation of Art 7. Already 10 months have elapsed.
- eee. ADD will result in an unduly high burden on the Indian users. DI would not gain much as price undercutting is due to inter se competition and not dumped imports
- fff. The methodology as to how landed price calculation has incorporated safeguard duties
- ggg. If 35% of duty is not sufficient then ADD may not be able to rectify the alleged injury
- hhh. Any price effect analysis without appropriate adjustment to glass insulator would be inaccurate
- iii. Imports price has not changed but domestic industry prices have increased. Lack of causality.
- jjj. Even though cost has increased slightly higher than price of domestic industry, price has grown at a comparable rate of cost increase.
- kkk. Mere existence of disposable capacity does not establish threat. No evidence that such capacities are likely to get diverted.
- lll. No evidence on drop in Chinese demand. It is mere assumption of domestic industry

- mmm. ADD cannot be used as shield. Claim that there is a threat of injury because Chinese producers are subsidized is merely a colorable attempt to attain countervailing effect from ADD.
- nnn. Causal link parameters are not exhaustive but indicative. Examination of five factors is mere formality without investigating the presence of other factors
- ooo. Petitioner are export centric, any injury is due to decline in exports. Reference to Annual reports of ABI, Modern, WSI
- ppp. The fact that all the DI producers produce on the basis of anticipated orders as opposed to actual orders implies that even if one of the domestic producers wins the tender bid, the remaining domestic producers' goods will go unutilized. Therefore, this pile up of inventory is not a result of any alleged dumping.
- qqq. The Petitioners have contended that over the last few years, a large majority of PGCIL tenders have been awarded to Chinese suppliers as a result of which they have suffered material injury. The data relied upon for this by the Petitioner is from 2007 to 2011-12 in their submissions, rather than the period of investigation which is 2012-13. The perusal of data from the POI indicates that the Indian suppliers have gained a steadily increasing share of orders from PGCIL. Therefore, the claims made by the Petitioners are misrepresentative and outdated.
- rrr. Mere expansion of capacities in China is not a reason to levy duties on Chinese imports. There is a need to establish dumping, injury and causal link in order to justify a levy of anti-dumping duties.
- sss. Further, given that there were duties in force for the last year, the Hon'ble Designated Authority must enquire as to why the domestic industry continues to suffer injuries despite such high duties being in place. If 35% duties are not sufficient to remedy any injury being suffered by the domestic industry, then any anti-dumping duty may not be able to rectify the alleged injury as well.
- ttt. the Indian suppliers have gained a steadily increasing share of orders from PGCIL
- uuu. bid prices claimed in a tender will never feature in actual import data since only one bid is awarded with the tender contract whereas all the other bids are rejected. Therefore, if various suppliers apply to a tender, no matter how low or high their prices, only the winning tender will actually feature in the import data since the other producers did not receive that order in the first place. Therefore, it is not appropriate for the Petitioners to substantiate this claim on tenders with general import data which shows average prices.
- vvv. The safeguard finding was issued at a time when a large majority of tenders were being awarded to Chinese producers rather than Indian producers. Therefore, it might be considered appropriate that the Hon'ble Director General (Safeguards) found that the domestic industry was not competitive and incapable of competing with the Chinese producers. However, as per the recent tender data placed on record in PGCIL's submissions, it is evident that the Indian producers have been receiving more orders than even the Chinese producers, even after the expiry of Safeguard duties.

- www. Petitioners' capacity is lower than the demand in the country. Further, the Petitioners are infamous for being unable to deliver on orders even when they win tender bids, particularly, for higher kN value insulators. In fact, PGCIL categorically stated at the public hearing that they would not even prefer ceramic insulators but to benefit the domestic industry they include the same in their tender documents.
- xxx. demand of the country is higher than the capacity of the Petitioners, whereby the domestic industry does not have the capacity to meet the present demand of the country itself, let alone the potential demand in forthcoming years.
- yyy. glass insulators usually do not exhibit breakdowns as compared to ceramic insulators. much higher frequency of damaged insulators and maintenance issues for ceramic insulators
- zzz. ceramic insulators tend to break down much more frequently as compared to glass insulators, it is evident that the Designated Authority needs to make an adjustment to lower the normal value of glass insulators in order to account for this substantial difference in quality.
- aaaa. as part of conducting a price effect analysis, the Hon'ble Designated Authority ought to have ensured that the price and cost differences between the various kinds of insulators (namely glass and ceramic) ought to be taken into consideration.
- bbbb. cost has grown at a slightly higher rate than price of the domestic industry, the price has grown at a comparable rate as well, despite alleged undercutting by the subject countries.
- cccc. over the last few years, the increase in demand has been substantial, far outstripping the increase in capacities of the domestic industry. Therefore, there was bound to be a reduction in market share. Even if the Petitioners produced at hundred percent capacity, they would have a lower market share.
- dddd. anti-dumping duties cannot be used as a shield to protect the domestic industry against alleged subsidies (if any) enjoyed by the Chinese producers. There is a specific trade remedial measure available to the domestic industry in case the injury is being suffered due to subsidized imports from China
- eeee. The causal link analysis of the present finding merely examines the five factors listed above as formality without any actual investigation as to whether there are truly any other factors that may have caused injury to the domestic industry Designated Authority may kindly examine the domestic industry's operations and data in detail to determine whether there is a breach in causal link
- ffff. Petitioners themselves have acknowledged multifarious non-attribution factors responsible for injury caused to them other than dumped imports. While some annual reports also acknowledge the injury caused by Chinese imports, it is clear that this is but one of possible causes of injury to the domestic industry
- gggg. The domestic industry is clearly not capable of catering to the demand of the Indian consumer industry as per relevant statistics and records. As such, their claim of being able to cater to the domestic markets demands should be rejected.

- hhhh. The Petitioners themselves admit that they have swappable capacities. Therefore, due to limited capacities, the domestic industry members (except BHEL) are unable to produce higher KV insulators to the extent required. It should be verified that whether the DI members apart from BHEL have the necessary experience/know-how to participate in tenders for 765 KV and above as held by PGCIL. Even though there is a capability to produce insulators of 420 KN and above, it is nowhere near sufficient to meet the demand of the country.
- iiii. With the levy of ADD, the DI's participation in the higher KN Value insulator market would not improve since it would still not qualify for these tender requirements. This is bound to impact the power sector adversely.
- jjjj. Recent tender data placed on record in PGCIL's submissions, that the Indian producers have been receiving more orders than even the Chinese producers, even after the expiry of Safeguard duties. Therefore, there is no such deterioration of Indian presence in tenders and suppliers as claimed by the Petitioners.
- kkkk. The government of India has previously taken an adverse stand when the power sector's stability and growth have been affected by the levy of trade remedial measures
- llll. The Petitioners are export-centric entities and the injury if any is attributable, to the decline in Exports of the Petitioners. The Petitioners themselves have acknowledged multifarious non-attribution factors responsible for injury caused to them other than dumped imports in their annual reports.
- mmmm. The DI has failed to establish dumping, injury, and causal link in their written submissions.
- nnnn. Also, Power Grid has accepted placing significant orders with the DI.
- oooo. The DI has failed to establish dumping, injury and causal link; as such, excessive capacities in China become immaterial when these parameters have already been disproved/not established.
- pppp. The injury to the DI occurs from stiff domestic competition and difficulties from the suppliers. Power Grid has submitted that there is only a limited no. of suppliers for metal fittings which is an important component of the disc insulators. Due to this, supply of electrical insulators by Indian producers including the DI is affected in every tender awarded to the DI.PGCIL in Public hearing further submitted that in 2013-14, tenders to an extent of Rs 270 Crores were awarded to the domestic suppliers and Rs 180 Crores to Chinese Companies.
- qqqq. The Indian user industry has awarded tenders to the DI in the past but the DI has not upgraded their facilities to meet the increasing demand of the users. With the presence of Power Grid and ABB, the DI had regular clients. The initiation for anti-dumping and claim of injury due to dumping is merely a way of the DI to remove user industry's options.
- rrrr. For electrical insulators up to 400 kV, which are being produced by the DI, all the requirements are acquired by domestic bidding and foreign producers cannot participate in this bidding. Thus, the DI is exposed to fair competition in the product which is produced by the DI.

- ssss. The DI, further, enjoys fair competitive conditions enjoying protection under safeguard duty from October 2012 to December 2013. The existence of this safeguard duty for more than a year was for the DI to adjust to the imports of the PUC, the DI has achieved this stage but is now claiming injury. These claims of the DI are nothing but forum shopping and abuse of trade remedial measures. If the ADD is imposed it'll be protection to the DI for a second time. It will only harm India's goal of having a stable and strong electricity grid, also the burden of the duties would ultimately fall on the ultimate consumer. ADD imposed in this case would be a violation of due process to exporters, unfair protection to the DI and against public interests.
- tttt. The DI's claims on tender prices quoted by various Chinese exporters has not been supported by any proof of the said tender/s, also, the price difference could have been in accordance to the product type. Also, with regard to tender, Power Grid has placed a significant order tenders with the DI for the last 3-4 years. Thus, the DI's contention is false.
- uuuu. Anti-dumping duty will harm Indian Govt goal of strengthening the national grid. PGCIL will continue to source from China as only China can supply superior quality goods and high voltage as Indian producers have limited capacity.
- vvvv. Anti-dumping duty will not protect DI as PGCIL will still be forced to place orders based on prices excluding import duties such as World Bank and Asian Development Bank.

Views of the Domestic Industry before Issuance of preliminary findings

109. The domestic industry has submitted that:
- a. Demand for the product under consideration has remained positive throughout the injury period.
 - b. Subject country imports have shown significant increase over the period in absolute terms. Chinese imports constitute almost the entire volume of imports into India. Chinese dumped imports have increased in relation to consumption and production of the product under consideration in India.
 - c. Weighted average import prices (after including basic customs duties) have been significantly below the selling prices of the domestic industry, thus resulting in significant price undercutting. There is a significant injury margin.
 - d. The landed price of imports is significantly below the cost of production of the domestic industry throughout the injury period. Imports have had significant suppressing effect on the prices of the domestic industry in the market. The gap between the cost of sales and the selling price of the domestic industry is shrinking throughout the injury period due to presence of dumped imports and the domestic industry is unable to increase its prices in proportion to increase in cost, thereby suffering huge losses.
 - e. The domestic industry enhanced capacities in the year 2010-11. The production of the domestic industry has declined since 2010-11. It has declined significantly in the POI when compared with the previous year. Domestic sales have seen a similar trend. Capacity utilization increased in 2010-11, but has declined significantly thereafter.
 - f. Export sales have not changed much over the injury period.

- g. Inventories have shown massive increase throughout the injury period with a significant increase during period of investigation.
- h. The profits of the domestic industry have declined throughout the injury period since 2010-11. The domestic industry has been suffering losses since 2011-12, which have intensified considerably in the POI. Profitability and cash profits have shown the same trend. PBIT and ROI have shown a similar trend, becoming negative in the POI.
- i. Market share of the domestic industry has declined throughout the injury period whereas the market share of the dumped imports has significantly increased throughout the injury period.
- j. Domestic industry has lost substantial orders during the injury period.
- k. The employment level increased in 2010-11 and declined thereafter. Wages paid have increased over the injury period but this is in line with the expected increase of wages in the country.
- l. Productivity has moved in the same direction as production.
- m. Even if the performance of the domestic industry is considered excluding WSI, it would be seen that performance has significantly deteriorated.
- n. There is a threat of further material injury due to significant increase in volume of imports, surplus capacities with Chinese producers and their export orientation, significant price undercutting and price suppression, increasing inventories with the domestic industry, market share of dumped imports, orders placed by PGCIL on Chinese producers, decreased demand in China and price advantages enjoyed by Chinese producers.
- o. Regarding the argument that domestic producers are undercutting the prices of each other, price undercutting amongst domestic producers would not have led to decline in sales volumes. It would have only led to re-alignment of sales between different domestic producers. Further, the increase in procurement from China and the decline in procurement from India clearly establish that the Chinese producers have caused injury to the domestic industry.

Views of the Domestic Industry post Issuance of preliminary findings

110. The domestic industry has made the following additional submissions after issuance of preliminary findings.
- a. While the gross procurement from China PR has increased over the years, procurement from domestic sources has come down in both absolute terms and in relation to total procurement
 - b. The product under consideration is largely an “order based industry”, i.e., the producers largely produce the goods against firm orders received from the consumers. However, given that the production process involves furnace operations, in case the producers do not have any order in hand, the furnace cannot be kept idle. In such situations, the producers tend to utilise the facilities for production of goods for which they anticipate demand in future
 - c. China has built significant capacities for the product and has gradually turned from net importer to net exporter in a very short time period.
 - d. There has been unprecedented and dramatic fall in the import price of glass insulators from China. the export price to India is selectively and discriminatorily much lower as compared to the export price to the rest of the world

- e. As per the price bids declared by PGCIL at the time of opening of the tender wherein various prospective suppliers were present and were able to note the price bids offered by the competitive bidders, it would be seen that different Chinese producers are quoting prices with huge variations for the same tender clearing showing that there is no nexus between the cost of insulator and the prices quoted therein
- f. As regards public interest, the cost of insulators forms 4-5% of transmission and sub-station costs. Consequently, the end consumer of electricity will not face any significant increase in prices.
- g. As regards landed price calculation after incorporating safeguard duties, There is no requirement that quantum of safeguard duty should be added to determine injury margin. In fact, anti dumping duties and safeguard duties are being determined only after considering basic customs duty. safeguard duty has expired on 31st day of December, 2013, and therefore the issue is in any case no longer relevant.
- h. Despite imposition of safeguard duty, the domestic industry continued to suffer injury due to dumped imports. Now that the safeguard duty has ceased, injury to the domestic industry is likely to get intensified.
- i. The exporters had ample opportunity to suggest alternative to the import data adopted or to provide information on the same. However, none of the exporters have provided any such evidence or information.
- j. There is a clear causal link since the landed price of imports is lower than both the selling price of the domestic industry and its per unit cost of sales. The increase in selling price was not sufficient to compensate the increase in cost of sales
- k. the increasing procurements by the Chinese suppliers itself establishes that the Chinese suppliers had outbid the domestic industry in these tenders. This clearly establishes price undercutting
- l. There is no requirement under the law to demonstrate respective disposable capacities are likely to be directed towards exports to India in order to establish threat of injury.
- m. Petitioners have claimed decline in Chinese demand on the basis of final findings by Director General (Safeguards) . Even if it is considered that Chinese demand for the product under consideration is rising, what is relevant to note is that exports from China are increasing leaps and bounds
- n. The petitioners have provided evidence of ad-hoc subsidies to demonstrate that the exporters in the subject country are getting undue advantage which coupled with other factors establishes threat of material injury.
- o. The responding exporter has not demonstrated any other factor which may be the prime reason for injury to the domestic industry
- p. Petitioners have exported the product under consideration, which on an average constitute 10-15% of total production. Therefore, the domestic industry cannot be termed as "export centric. the claimed injury to the domestic industry is on account of domestic operations
- q. the Govt. of India has imposed interim duties, which establishes that the Govt. of India considers protection to this industry as relevant and necessary.
- r. in the year 2013-14, 42% of the orders were placed on Chinese suppliers.
- s. Increase in share of Indian producers and good orders with BHEL post imposition of safeguard duty establish the causal link. This further establishes that ability or inability of the domestic industry is only an excuse. Only

- safeguard duty was imposed, procurement from domestic industry increased. Once safeguard duty expired, procurement from China increased.
- t. A decline in production is not due to inability of the domestic industry to upgrade its facility as the domestic industry is producing HV insulators.
 - u. WSI forms part of the domestic industry and therefore it would be illegal to examine injury to the domestic industry by excluding WSI
 - v. First of all, price undercutting is not the same over the entire period. Secondly, even with the same level of price undercutting, the profitability of domestic industry may decline. Price undercutting has increased substantially in the POI when compared with the base year.
 - w. As regards statements in Annual report, the performance of the domestic industry with respect to the product under consideration must be seen as a whole
 - x. Reduction in capacity utilization is due to lost orders. The petitioner has provided information from PGCIL showing orders being placed on Chinese producers in increasing numbers in the recent years. The domestic industry is capable of supplying and has supplied HV insulators.
 - y. return on investment of the domestic industry increased in 2010-11 and thereafter declined significantly to such an extent that the domestic industry suffered negative return on investment
 - z. Injury to the domestic industry is well established by consideration of various factors. It is not necessary that each and every parameter shows deterioration.
 - aa. Whereas demand for the product increased, sales of the domestic industry declined.
 - bb. As regards the argument that HVL anticipated increase in demand, the same does not mean that the sales of the domestic industry will improve when landed price of import is materially below the selling price of the domestic industry
 - cc. As regards contention that 10% fluctuation is common for business operations, petitioners submit that its sales volumes have declined by 23% between 2010-11 and period of investigation, when demand has increased by 30%. Further, while it might appear insignificant to the exporters, 10% decline in sales is indeed quite significant for the domestic industry, that too when the demand for the product has shown significant increase.
 - dd. The reason for underutilization of capacity is the effect of dumping from the subject country. The petitioners have shown how orders have been lost to Chinese producers who are selling the product at dumped prices. The demand for the product in the country cannot be compared with the capacity of domestic industry alone. Indian demand needs to be compared with Indian capacity
 - ee. The increase in selling price was not sufficient to compensate the increase in cost of sales. The cost of sales per unit increased steadily over the injury period and was higher than the selling price of the domestic industry in the period of investigation
 - ff. Any anti-dumping duty imposed will take into account the existing safeguard duty so as not to award double protection. Modern Insulator stated encouraging circumstances because of safeguard duty which has already expired. As regards ABI statement, ABI has nowhere stated that market for the product is fair.

- gg. the sales of Hindustan Vidyut declined significantly over the period. If the company reported increase in production in 2012-13, it is evident that the level of the same is materially below the earlier levels
- hh. Both ABI and BHEL are producing polymer insulators also. Demand for the product in the country clearly establishes that the domestic industry has not suffered because of decline in demand or changes in consumer preference
- ii. The fact that PGCIL has qualified the porcelain and glass insulators suppliers bids on technical parameters establishes that the two are technically substitutable. The fact that PGCIL is placing orders on the basis of lowest value of the tenders regardless of whether such insulator is a glass insulator or a porcelain insulator establishes commercial substitutability
- jj. As regards operational consideration, the claim is without basis. When Power Grid has not differentiated and distinguished between the two products either in technical bid evaluation or in commercial bid evaluation of the bids and further since procurement of the product by PGCIL is on the basis of technical and commercial evaluation of the bids, only those parameters are relevant for the purpose and PGCIL cannot now plead any other parameter as a relevant parameter
- kk. The 'bulk orders' are going to foreign producers due to low prices. Information from PGCIL has shown the number of tenders being awarded to Chinese producers of the subject goods. The argument of the exporter that it is an order based industry, coupled with the fact that the orders were increasingly placed on Chinese suppliers establishes that the competition was not inter-se domestic industry
- ll. Polymer insulators are not commercially and technically substitutable with the product Under utilization of capacity by domestic industry is not because domestic industry is not able to meet the increasing demand in India. The same is because Chinese producers increasingly undercut the domestic industry and took away the orders.
- mm. PGCIL should specify the requirements for each of the product category so that the domestic industry could establish existence of sufficient capacities. At no stage of the present proceedings, PGCIL has quantified their requirements of different types of insulator and the capacities which have been offered by the Indian industry to PGCIL. Thus, the claim that domestic industry does not have sufficient capacity or operational experience is without any basis and is not yet established.
- nn. there have been no such instances where PGCIL was forced to import because of absence of capacities and operational experience with the domestic industry
- oo. The product types for which exclusion have been requested constitute majority of the product under consideration. In other words, the PGCIL is seeking exclusion of those products which are the bread and butter of the domestic industry. Indian industry has been protected from unfair practice of dumping in the past even in those situations, where the Indian industry was in minority and imports are the majority
- pp. PGCIL has requested the weight to specify in respect of disc insulator. However, a large number of insulators are involved in the present case and Designated Authority cannot selectively specify weight in respect of one category of products.

- qq. Lot of insulators are imported on the basis of specific design, weights for which are unknown to the authority.
- rr. the domestic industry took sufficient care in cautioning PGCIL on the adverse effects on the company if the company goes ahead with placing of the order without waiting for outcome of the present investigation
- ss. there have been no instance in the past wherein the domestic producers were disqualified on technical reasons in the PGCIL tenders.
- tt. most of the de-capping reported are for normal zone insulators (creepage distance 315 mm), which were installed way back. Over a period of time the pollution levels of these areas has increased resulting in few de-capping. On account of this POWERGRID has revised their technical specification (increased the creepage requirement to 460 mm). The glass insulators imported from China by POWERGRID in the recent past is in line with new specification and thus no de-capping reported. Domestic manufacturers are also manufacturing higher creepage insulators and supplying to POWERGRID projects (Wardha-Raipur, Kudgi-Kholapu
- uu. The domestic industry is offering highly injurious price and is steeply losing orders. Should this situation continue, it would lead to decline of domestic industry and PGCIL would eventually be under the clutches of Chinese manufacturers.
- vv. The suppliers of metal fittings are holding capacities significantly higher what the domestic industry requires to produce and supply the product to PGCIL
- ww. The biggest factor establishing that the glass and procelainare one article is the fact that the consumer is willing to pay THE SAME price for the two types. Power Grid has not differentiated between the two types and has not agreed to pay differential prices.
- xx. the Designated Authority has protected the domestic industry at a level where the domestic industry would not be earning profits, leave aside 22% return
- yy. BHEL has infact supplied these kind of insulators to ABB. As regards the breakage of insulators, it was the fault in the design of the ABB
- zz. ABI has offered to supply such material to ABB. however due to very short lead time given by ABB which was practically not possible, the ABI could not supply the same.
- aaa. All the voltage rating insulators are available domestically. The consumer cannot selectively go to certain suppliers only and ask for the same. Further the consumer cannot seek exclusion of certain products due to their policy decisions
- bbb. The anti-dumping duty is imposed in US\$. Therefore depreciation of India Rupee will not have its effects
- ccc. The domestic industry has not made any unreasonable price increases, nor has the interested party demonstrated any unreasonable price increases.
- ddd. Dumping is difference between normal value and export price. It is not a question of innovative ideas and their implementation

Examination by the Authority

- 111. The Authority has taken note of submissions made by the interested parties. The Authority has examined the injury to the domestic industry in accordance with the Anti-dumping Rules and considering the submissions made by the interested parties.

112. Rules require the Authority to examine injury by examining both volume and price effect. A determination of injury involves an objective examination of both (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for the like article and (b) the consequent impact of these imports on domestic industry. With regard to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. With regard to the effect of the dumped imports on prices the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree.
113. As regards the consequent impact of dumped imports on the domestic industry, Para (iv) of Annexure-I of Anti-dumping Rules states as under:
- “The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural 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.”
114. All parameters of injury need not show deterioration. While some parameter may show deterioration, some may show improvement. The Designated Authority must consider all injury parameters and thereafter conclude whether the domestic industry has suffered injury.
115. The Authority has examined the injury parameters objectively taking into account the facts and arguments in the submissions.
116. As regards the arguments based on injury statement excluding WS Industries, it is noted that the Authority has not considered WSI as eligible domestic industry. The injury analysis has been conducted excluding WS Industries and for the purpose of injury analysis only domestic parameters has been considered.
117. As regards the arguments concerning statements in annual report of some of the petitioner companies, the Authority reiterates that the injury to the domestic industry has been determined by considering the performance of the domestic industry as a whole.
118. As regards the argument of demand supply gap, it is noted that if the exporters wanted to supply the goods to meet the requirement in Indian market that could be done by exporting the requirements at a price equivalent to normal value but not at a dumped value and to capture the market.
119. As regards the argument that reduction in production and capacity utilization is due to inefficiency of domestic industry as they are unable to upgrade their facilities to produce high voltage, the Authority has analyzed all the evidence and arguments filed by the interested parties including domestic industry and notes that the domestic industry has supplied high voltage insulators also. It is not established that reduction in production and capacity utilization is due to possible inefficiency of the domestic industry.

120. It is noted that the price undercutting increased during the period of investigation. In any case even if undercutting percentage is the same, it implies that the domestic industry prices have also declined in line with import prices and does not imply that the trend of cost of sales and selling price would not undergo any change.
121. It has been argued by the interested parties that the decline in sales is temporary as demand is likely to improve. It is noted that domestic industry is unable to improve its sales since 2011-12 despite increase in demand. In fact, sales of the domestic industry declined.
122. As regards the argument on causal link, the issue is dealt in preliminary findings. The Authority notes as follows in this regard:
- i. Increase in selling price is due to increase in cost. However, despite increase in selling price, dumped imports are undercutting the prices of the domestic industry.
 - ii. Any anti-dumping duty imposed will take into account the existing safeguard duty so as not to award double protection.
 - iii. As regards the argument that decline in profits is due to change in consumer preference to polymer insulator, it is noted that positive trend of demand does not corroborate with the argument of change in consumer preference.
 - iv. As stated above, that the domestic industry has supplied high voltage insulators.
123. As regards the argument of inter se competition, the Authority confirms the preliminary findings and notes that the insulator industry is largely order based and the orders are placed on the basis of lowest price offered by the suppliers. Therefore, the effect of dumping is more significant. Chinese producers are being increasingly quoting lower prices and are significantly undercutting the domestic industry prices, which substantiate the argument of domestic industry that injury to the domestic industry is due to dumping. The question of inter se competition would have arisen, when the tenders were majorly awarded to Indian producers. The authority also notes that the Domestic Industry has been engaging itself in participating in the tenders floated by PGCIL.
124. As regards consideration of safeguard duties in the injury analysis, it is noted that there is no requirement that quantum of safeguard duty should be added to determine injury margin.

Assessment of Demand

125. The demand of subject goods has been determined by adding domestic sales of domestic like product with imports of subject goods from all countries. For the purpose of present injury analysis, the Authority has relied on the import data procured from China customs. The Authority notes that demand of subject goods increased significantly over the injury period as can be shown in the table below.

Particulars	Units	2009-10	2010-11	2011-12	POI
Assessed Demand	MT	1,18,840	1,56,964	1,37,321	1,44,636
Subject Country imports- China PR	MT	16,282	26,376	35,782	62,444
Other Countries- Imports	MT	517	405	573	687
Sales of Domestic Industry	MT	64,919	72,186	63,375	5,8801
Sale of Other Indian Producers	MT	37,122	57,997	37,591	22,703

126. It is seen from the above table that the demand for the product has shown a significant increase during POI as compared to the base year. It has been contended by the responding exporter that the increase in imports is due to inefficiency of the domestic industry to upgrade to the required technology and the requirement of high voltage insulators. The Authority therefore analyzed the imports by considering the questionnaire responses of the responding exporters. It is seen that the domestic industry has produced and sold those types of insulators which have been imported in India. Since the domestic industry has produced and sold the types of insulators imported from China, it is not established that the imports have been made due to inefficiency of the domestic industry to upgrade to the required technology and the requirement of high voltage insulators.

Volume Effect of Dumped Imports and Impact on Domestic Industry

Import Volumes and Share of Subject Country

127. With regard to the 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 good from the subject country have been analyzed as under:

Volume of Imports	Unit	2009-10	2010-11	2011-12	POI(April 2012- March 2013)
Subject Country China PR	MT	16,282	26,376	35,782	62,444
Subject Country – Trend		100	162	220	384
Other Countries	MT	517	405	573	687
<i>Trend</i>		100	78	111	133
Total Imports	MT	16,799	26,781	36,356	63,131
<i>Trend</i>		100	159	216	376
Indian Production	MT	1,16,340	1,44,213	1,14,052	95,625
Imports from subject country in relation to domestic production	%	14.00%	18.29%	31.37%	65.30%
Demand	MT	1,18,840	1,56,964	1,37,321	1,44,636
Imports from subject country in relation to consumption	%	13.70%	16.80%	26.06%	43.17%
Share of imports from subject country in total imports	%	97%	98%	98%	99%

Source of import data: For China: China Customs and for other countries DGCI&S.

128. It is noted from the above table that:
- Imports from China have increased significantly in absolute terms. The increase in imports during POI is quite significant.
 - Imports from China constitute 99% of total imports during POI.
 - Imports from China PR in relation to production have increased from 14.00% during 2009-10 to 65.30% in the POI.
 - Imports from China PR in relation to total demand have increased from 13.70% in 2009-10 to 43.17% in POI.
 - Imports from China in have increased in relation to production & consumption in India consistently throughout the injury period.
129. It is thus concluded that imports from China PR have increased both in absolute and in relation to production and consumption in India.

Price Effect of the Dumped Imports on the Domestic Industry

130. With regard to the effect of the dumped imports on prices, Annexure II (ii) of the Rules lays down as follows:

"With regard to the effect of the dumped imports on prices as referred to in sub-rule (2) of rule 18 the Designated Authority shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase which otherwise would have occurred to a significant degree."

131. It has been examined whether there has been a significant price undercutting by the dumped imports of the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. The impact of dumped imports on the prices of the domestic industry has been examined with reference to the price undercutting, Price Underselling, price suppression and price depression, if any.

Price Undercutting

132. In order to determine whether the imports are undercutting the prices of the domestic industry in the market, the Authority has compared landed price of imports with net sales realization of the domestic industry. In this regard, a comparison has been made between the landed value of the product and the average selling price of the domestic industry net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex-factory level. This comparison showed that during the period of investigation, the subject goods originating in the subject country were imported into the Indian market at prices which were lower than the selling prices of the domestic industry. It is thus noted that imports of subject goods were undercutting the domestic prices and margin of undercutting is shown as per the table below:

Volume of Imports	Unit	2009-10	2010-11	2011-12	POI
CIF import price	Rs/MT	81,507	97,006	95,710	81,415
Landed value of imports	Rs/MT	88,682	105,544	104,135	88,581
Selling price of the domestic industry	Rs/MT	***	***	***	***
Price undercutting	Rs/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting range	% Range	20-30	10-20	15-25	30-40

133. It has been argued by some of the interested parties that it is difficult to reconcile huge losses to domestic industry when the range of price undercutting is inconsistent. The Authority notes that price undercutting increased during period of investigation as compared to the base year.

Price Underselling

134. The Authority has also examined price underselling suffered by the domestic industry on account of dumped imports from China PR. For this purpose, the NIP determined for the domestic industry has been compared with the landed price of imports. Comparison of weighted average NIP of the domestic industry with weighted average landed price of imports shows as follows:

Particulars	UOM	POI
Weighted average-non injurious price	Rs/MT	***
Landed Price	Rs/MT	88,581
Price Underselling	Rs/MT	***
Price Underselling	%	***
Price Underselling	% Range	55-65%

135. It is seen that the landed price of the subject goods from China were significantly lower than the NIP determined for the domestic industry.

Price Suppression/Depression

136. 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. The position is shown as per the Table below:

Particulars	Unit	2009-10	2010-11	2011-12	POI
Cost of sales (Domestic)	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>105</i>	<i>121</i>	<i>128</i>
Sales Value (Domestic)	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>108</i>	<i>113</i>	<i>114</i>

137. It is seen that both costs as well as selling price of the domestic industry

increased over the injury period. However, the increase in the selling price is far lower than the increase in cost except in 2010-11. The imports were thus suppressing the prices of the domestic industry in the market and preventing the price increases that would have otherwise occurred.

Economic parameters of the domestic industry

138. Annexure II to the Anti-dumping Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of like product. The Rules further provide that the examination of the impact of the dumped imports on the domestic industry 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. An examination of performance of the domestic industry reveals that the domestic industry has suffered material injury. The various injury parameters relating to the domestic industry are discussed below.

Production, Capacity, Capacity Utilization and Sales

139. The performance of the domestic industry with regard to production, domestic sales, capacity & capacity utilization was as follows:

Particulars	Unit	2009-10	2010-11	2011-12	POI
Capacity	MT	91,989	91,989	91,989	92,289
Production	MT	76,844	84,878	75,085	72,601
Capacity Utilization	%	84	92	82	79
Domestic Sales	MT	64,919	72,186	63,375	58,801

140. It is seen from the above table that the domestic industry enhanced capacities in the POI. The demand for the product under consideration in the Country has increased significantly over the injury period.
141. Production of the domestic industry increased in 2010-11. However, the production declined significantly thereafter in 2011-12 and further in the POI. Production of the domestic industry in investigation period was lower than production in 2009-10 by about 6%, whereas demand for the product under consideration increased by 22% over the period.
142. Capacity utilization of the domestic industry has followed the same trend as that of production. Capacity utilization increased in 2010-11 and thereafter declined significantly in 2011-12 and investigation period. Capacity utilisation during the POI was lower than capacity utilisation in 2009-10 by 5%.
143. It has been argued by some of the interested party that reduction in capacity utilization is due to inefficiency of domestic industry as they are unable to upgrade their facilities to produce high voltage insulators. It is noted that domestic industry has produced and sold those kinds of insulators which have been imported in India during the POI.
144. Sales of domestic industry in the domestic market increased in 2010-11 and declined thereafter. The domestic sales in POI declined by 9% as compared to 2009-10 and by 19% as compared to 2010-11.

145. It has been argued that the petitioners have not demonstrated potential decline in sales. It is noted that the data shows actual decline in sales, which itself establishes injury to the domestic industry. The Authority has conducted injury analysis as per the AD Rules and its established practice.
146. It has been argued that the decline in sales is temporary as demand is likely to improve. It is noted that domestic industry is unable to improve its sales since 2010-11 despite increase in demand. In fact, sales of the domestic industry declined.
147. It is thus concluded that production, domestic sales and capacity utilization of the domestic industry deteriorated significantly despite increase in demand for the product in the Country.

Profits, profitability, return on investment and cash profits

148. The cost of sales, selling price, profit/loss, cash profits and return on investment of the domestic industry has been analysed as follows:

Particulars	Unit	2009-10	2010-11	2011-12	POI
Profit/loss	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>151</i>	<i>3</i>	<i>(89)</i>
Profit before interest	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>135</i>	<i>55</i>	<i>1</i>
Cash profit	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>134</i>	<i>39</i>	<i>(21)</i>
Gross profit/loss	Rs. Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>168</i>	<i>3</i>	<i>(80)</i>
Gross profit before interest	Rs. Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>151</i>	<i>54</i>	<i>1</i>
Gross cash profit	Rs. Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>149</i>	<i>38</i>	<i>(19)</i>
ROCE	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>131</i>	<i>50</i>	<i>1</i>

149. The Authority notes that the domestic industry has earned profit in the base year. The situation improved in 2010-11 and the domestic industry earned profits in that year. However, the profitability of the domestic industry deteriorated significantly thereafter and the domestic industry suffered financial losses in the POI.
150. Return on investment over the injury period has shown the same trend as that of profits. Profit before interest and taxes (PBIT) increased in 2010-11 and declined thereafter, becoming negative in the POI. The return on investment (ROI) for the domestic industry improved in 2010-11 and declined thereafter.
151. Cash profits have also shown the same trend as that of profits. Cash profits improved in 2010-11 and declined thereafter with a significant deterioration in the investigation period.

Market Share

152. The effects of the dumped imports on the market share of the domestic industry have been examined as below:

Market Share	Unit	2009-10	2010-11	2011-12	POI
Demand	MT	1,18,840	1,56,964	1,37,321	1,44,636
Share of Domestic	%	54.63%	45.99%	46.15%	40.65%
Share of other producers	%	31.24%	36.95%	27.37%	15.70%
Share of Subject Country	%	13.70%	16.80%	26.06%	43.17%
Share of Other Imports	%	0.43	0.26	0.42	0.48

153. It is seen from the above table that the market share of the domestic industry has declined throughout the injury period and that of China has increased consistently. The market share of the domestic industry declined by 14% during POI as compared to the base year. Considering the positive price undercutting and increase in market share of China, it is concluded that the market share of the domestic industry has declined as a direct result of dumped imports from China PR.

Employment, Productivity and Wages

154. The position with regard to employment, wages and productivity is as follows:

Particulars	Unit	2009-10	2010-11	2011-12	POI
Employment	No	7,412	7,943	7,927	7,724
Productivity per day	Per Day	220	243	215	207
Productivity per employee	MT	10	11	9	9
Wages	Rs lacs	***	***	***	***

155. It is noted that employment with the domestic industry increased in 2010-11. Employment with the domestic industry declined thereafter. Wages paid have increased over the period of injury. Productivity increased in 2010-11 and declined thereafter, in line with the trend of production.

Inventories

156. The data relating to inventory of the subject goods are shown in the following table:

Particulars	Unit	2009-10	2010-11	2011-12	POI
Average Stock	MT	7,117	7,239	7,504	8,277

157. It is seen that inventories with the domestic industry have increased throughout the injury period. The inventory has increased by around 16% during POI as compared to the base year.

Growth

Particulars	UOM	2009-10	2010-11	2011-12	2012-13
Production	Y/Y	-	10%	-12%	-3%
Domestic Sales	Y/Y	-	11%	-12%	-7%
Cost of Sales	Y/Y	-	***	***	***
Selling Price	Y/Y	-	***	***	***
Profit/(Loss)	Y/Y	-	***	***	***
ROI	Y/Y	-	***	***	***

158. The Authority notes that growth of the domestic industry with regard to production, domestic sales, capacity utilization, profits, return on investment, cash profits was positive in 2010-11. The growth in these parameters however became negative thereafter, despite positive growth in demand for the product in the Country. On the whole, the growth of the domestic industry has been negative over the injury period.

Ability to raise capital investments

159. The Authority notes that given rising demand of the product in the country, the domestic industry has made investments in enhancing capacity. However, despite these investments, the performance of the domestic industry has deteriorated considerably.

Level of dumping & dumping margin

160. It is noted that subject country imports are entering the country at dumped prices and that the margin of dumping is significant.

Factors Affecting Domestic Prices

161. The examination of the import prices from the subject country, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market, etc shows that the landed value of imported material from the subject countries is below the selling price and the non-injurious price of the domestic industry, causing significant price undercutting as well as price under selling in the Indian market. Thus, the factor affecting the domestic prices is landed value of subject goods from subject country.

Conclusion on injury

162. It is thus seen that there has been a significant increase in the volume of dumped imports from subject country in absolute terms. The imports have increased significantly in relation to consumption and production of the product in India. Imports have thus increased both in absolute terms and in relation to production and consumption in India. The dumped imports are undercutting the prices of the domestic industry in the market. Dumped imports have had significant adverse price effect in terms of price suppression. Effect of dumped imports has been to prevent price increase which otherwise would have occurred, to a significant degree. Imports have prevented the domestic industry from raising its prices in proportion to cost increases. The domestic

industry is suffering significant price underselling. The dumping margin determined by the Authority is quite significant. With regard to consequent impact of dumped imports on the domestic industry, it is noted that dumped imports from China have adversely impacted the performance of the domestic industry in respect of production, domestic sales, capacity utilization, inventories, market share, profits, cash profits and return on investment. Whereas the demand for the product under consideration has increased over the injury period and the domestic industry has enhanced capacities, its production, sales volumes, capacity utilisation and market share declined significantly. Inventories with the domestic industry increased. Further, as a result of significant price undercutting and suppression, profitability of the domestic industry deteriorated so significantly that the domestic industry was suffering significant financial losses. Further, the domestic industry suffered cash losses and negative return on investment during the POI. The Authority concludes that the domestic industry has suffered material injury.

Threat of Material Injury

163. The applicants have claimed that, in addition to material injury, there is the threat of further material injury in the present case.

Annexure II to the Rules provides as under in this regard.

“A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause injury must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the Designated Authority shall consider, inter-alia, such factors as

- (a) a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;*
- (b) sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports;*
- (c) whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and,*
- (d) Inventories of the article being investigated.”*

164. Submissions made before the Authority with regard to threat of material injury have been examined.

Significant Increase in Volume of Imports

165. The volume of imports has increased significantly in a relatively short period. The high rate of increase in the volume of imports indicates that significant increase in imports is imminent.

Export Orientation

166. The domestic industry contended that in addition to significant production capacities, the producers/exporters from China PR have high export orientation. The export orientation of the producers in China PR indicates a

threat of further material injury to the domestic industry.

Significant Price Undercutting and Price Suppression

167. The price undercutting by the subject imports is significant. The imports are entering at such prices that there is strong likelihood of further importation. Dumped imports are causing price suppression of domestic industry prices. Despite an increase in the cost of sales over the injury period, the domestic industry has been unable to increase its domestic selling price to the same extent, resulting in losses. Thus, significant price difference between the domestic and imported product shows that the imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports.

Increasing Inventories with Domestic Industry

168. Inventories with the domestic industry have increased significantly over the injury period and indicate the existence of a threat of further material injury.

Market Share of Dumped Imports

169. A significant share in the domestic market is already held by subject country imports and the same is increasing. Increase in Chinese market share by about 200% between 2009-10 and POI clearly also shows threat of increased injury.

Orders placed by PGCIL on Chinese Companies

170. The domestic industry has provided information to show that PGCIL has placed huge orders on Chinese companies and Chinese companies are aggressively participating in tenders being floated by PGCIL. As per the information provided by the domestic industry and information available in the website of PGCIL, the orders that have already been placed by PGCIL on the Chinese companies are as follows:-

Name of supplier	Order month	Volume (Nos)	Weight (MT)
Orders already placed			
Shandong Ruitai Glass Insulator Co. Ltd.,	May'14 & June'14	15,36,848	17,069
SiChuanYiBin Global Group Co. Ltd., China	May'14 & June'14	2,97,900	3,575
Nanjing Electric (Group) Co. Ltd, China	May'14 & June'14	8,07,147	9,686
Total		26,41,895	30,330

Decline in demand in China

171. The domestic industry claimed that the structural power imbalances that China experienced in 2000 led to an unprecedented demand for power generation and transmission equipment. China was a net importer of insulators, and, in fact, Indian producers were supplying insulators in China. However, significant capacities were added in China to meet their extraordinarily high demand for

power generation and transmission equipment, including electrical insulators. This led to substantial additions to the capacities for insulator production. China's power capacity increased from 236.5 GW in 1965 to 874.1 GW in 2009 at a CAGR of 11%. By the end of June 2010, total generation capacity reached 907.9 GW. The applicants have further claimed that after the Beijing Olympics, the demand for fresh power capacity addition within China declined considerably, resulting in substantial decline in demand for power generation and transmission equipments, including insulators. This has forced the Chinese producers to look for other markets for their large capacities, which are increasingly becoming idle. Thus, Chinese demand for the product has considerably declined, while producers in China continue to hold large capacities..

Price Advantages Enjoyed by Chinese Producers

172. The domestic industry has claimed that the Chinese suppliers enjoying various advantages:

- Chinese suppliers enjoy easy financing from Chinese lenders.
- They benefit from export subsidies. The cash rebate for insulators is 17%, which is much higher than the VAT impact on these products.
- The steel policy of China mandates direct subsidization of the steel industry.
- Fuel price in China in the form of coal and coke are much lower than international prices.
- The Chinese government has been granting vast subsidies to Chinese manufacturers, in the form of cheap capital and underpriced raw materials and power, and this has led to overcapacity.

Conclusion on Threat of Material Injury

173. Examination of information on record shows the dumping would cause injury to the domestic industry. The factors identified above clearly show existence of a threat of further injury.

Causal Link

174. The Authority has examined whether other factors listed under the Anti-dumping Rules could have contributed to injury to the domestic industry. The examination of causal link between dumping and material injury to the domestic industry has been done as follows:

Imports from third countries

175. The Authority has examined the imports data of the subject goods from DGCI&S. It is noted that imports from third countries are negligible and could not have caused claimed injury to the domestic industry.

Contraction in demand

176. The Authority notes that the demand for the subject goods has shown significant improvement during the injury period. It has increased in the POI from the base year and the previous year. Possible contraction in demand could not have caused injury to the domestic industry.

Trade restrictive practices of and competition between the foreign and domestic producers

177. The Authority notes that there is no trade restrictive practice which could have contributed to the injury to the domestic industry.
178. It has been argued that inter se competition has caused claimed injury to the domestic industry. It is noted that the insulator industry is largely order based industry and the orders are placed on the basis of lowest price offered by the suppliers. If imports have increased by about 284% over the injury period, the same is clearly because the landed prices of imports in these cases were below the selling price of the domestic industry. This clearly shows that the import prices were below the domestic industry prices and deterioration in production, sales, capacity utilisation were not due to inter-se competition between the domestic producers.

Developments in technology

179. The Authority notes that the technology adopted by the domestic industry is comparable with that adopted by producers all over the world. There is no significant difference in the manufacturing process of Indian producers and foreign producers. In fact, domestic producers have been manufacturing the product for quite some time, and the technology for production is fairly established. Further, the user industry is technology neutral, so any difference in the technology is not the reason for injury to the domestic industry.

Changes in pattern of consumption

180. The domestic industry is producing the type of goods that have been imported into India. Possible changes in pattern of consumption are not a factor that could have caused claimed injury to the domestic industry.
181. It has been argued that the decline in performance is due to change in consumer preference to polymer insulator. It is noted that demand for the product under consideration has increased over the injury period, which shows that the consumer preference has not changed from subject insulators to polymer insulators.

Export performance

182. Claimed injury to the domestic industry is not on account of possible significant deterioration in export performance of the domestic industry. In fact, exports by the domestic industry have not materially declined. In any case, the domestic industry has considered domestic performance wherever possible.

Performance of the domestic industry with respect to other products

183. The Authority notes that the performance of other products being produced and sold by the domestic industry has not affected the assessment made by the Authority of the domestic industry's performance. The information

considered by the Authority is with respect to the product under consideration only.

Productivity of the domestic industry

184. The Authority notes that the productivity of the domestic industry has followed the same trend as production. Deterioration in productivity has not caused injury to the domestic industry.

Factors establishing causal link

185. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has materially deteriorated due to dumped imports from subject country. Causal link between dumped imports and the injury to the domestic industry is established on the following grounds.

- a) Imports are undercutting the prices of the domestic industry. The volume of imports has increased significantly.
- b) The consumers have increasingly switched their requirements to Chinese suppliers as a result of significant price difference. Thus, the price undercutting has led to significant increase in market share of imports and decline in market share of the domestic industry.
- c) The presence of dumped imports in the country is preventing the domestic industry from increasing its prices in proportion to the rise in costs.
- d) The subject imports are underselling the product sold by the domestic industry.
- e) Deterioration in profits, return on capital employed and cash profits is a direct consequence of dumped imports.
- f) The market share of dumped imports increased over the injury period, with a consequent decline in the market share of the domestic industry.
- g) As a result of significant price undercutting, production, sales and capacity utilisation of the domestic industry has deteriorated.
- h) The growth of the domestic industry became negative in terms of a number of price and volume related economic parameters.

Conclusion on Injury and Causation

186. From the above examination of injury and causal link, the Authority concludes that the domestic industry has suffered injury as a result of dumping of the subject goods from China. There has been a significant increase in the volume of dumped imports from China in absolute terms throughout the injury period and in relation to production and consumption in India. The dumped imports are significantly undercutting the domestic prices. The dumped imports have had significant adverse effect on the prices of the domestic industry in the market. The dumping margin for the subject country has been determined and is considered significant. Dumped imports from subject country have adversely impacted production, sales and capacity utilization. Market share of the domestic industry has significantly declined whereas that of subject imports has significantly increased. Performance of the domestic industry has significantly deteriorated in respect of profits, cash profits and return on investments. Inventories have increased. The Authority concludes that the domestic industry has suffered injury as a result of dumped imports from the

subject country.

187. The Authority has determined non-injurious price for the domestic industry separately for each type of the product under consideration. This non-injurious price of the domestic industry for each type has been compared with the landed values of the subject imports of corresponding type for each of the responding exporters to determine injury margin. The injury margin so determined for each type has been considered for determination of weighted average injury margin. The injury margins have been determined as follows:

Injury Margin

S. No	Producer	Exporter	NIP	Landed Price	Injury Margin	Injury Margin	Injury Margin
			US\$/MT	US\$/MT	US\$/MT	%	% Range
1	Nanjing Electric (Group) Co Ltd	Nanjing Electric (Group) Co Ltd	***	***	***	***	85-95
2	Zigong Sediver Toughened Glass Insulator Co. Ltd.	Zigong Sediver Toughened Glass Insulator Co. Ltd.	***	***	***	***	30-40
3	Sediver Insulators (Shanghai) Co. Ltd.	Sediver Insulators (Shanghai) Co. Ltd.	***	***	***	***	35-45
4	Sediver Insulators (Shanghai) Co. Ltd.	Sediver SA.	***	***	***	***	20-30
	Weighted Average (2+3+4)		***	***	***	***	30-40
5	Dalian Insulator Group Co. Ltd.	Dalian Insulator Group Co. Ltd.	***	***	***	***	70-80
6	LilingHuaxin Insulator Technology Co., Ltd	LilingHuaxin Insulator Technology Co., Ltd	***	***	***	***	0-10
7	Chengdu Global Special-Glass Manufacturing Co., Ltd.	Sichuan Yibin Global Group Co., Ltd.	***	***	***	***	110-120

188. The level of dumping margins and injury margins as determined are considered significant.

Landed Value and Injury Margin for other producers and exporters from subject country

189. The Authority notes that response to questionnaire has been filed only by some of the exporters of the product under consideration from China. Other exporters from China have not cooperated with the Authority in providing relevant information in the form and manner prescribed. The landed value to India in respect of other producers and exporters in China has been determined on the basis of best information available. Information provided by the responding exporters has been adopted for the purpose. The injury margin so worked out is mentioned in the table below.

Particulars	US\$/MT
NIP	***
Landed Value	***
Injury Margin	***
Injury Margin %	***
Injury Margin % Range	175-185

E. Post disclosure submissions of the interested parties

Comments by Exporters, Importers, Consumers and other Interested Parties on disclosure statement.

190. The Exporters, Importers, Consumers and other Interested Parties have made the following submissions in their comments to disclosure

- a. Regarding glass and ceramic insulator being like article, Neither names of such international standards have been referred in the disclosure statement, nor any extracts from the national and international standards and the tender documents have been provided in the disclosure statement that supports the above view taken by the Designated Authority. Further, the Designated Authority did not even provide copies of the relied upon national and international standards, and tender documents in the public file for examination by the interested parties. Therefore, the disclosure statement has been issued in violation of the principles of natural justice.
- b. Respondent fails to understand that if glass insulators are not produced in India, then on what basis the Designated Authority has concluded that porcelain and glass insulators are like. Further, Respondent disputes the Designated Authority's finding that the exporter's questionnaire responses show that the production process for porcelain and glass insulators is same. , if an investigating officer had conducted a verification visit at a manufacturing unit in China PR, the Designated Authority would have found that the production processes are different to produce glass and porcelain insulators. without a proper on-site verification, it is not prudent to conclude that production processes and technology to manufacture both glass insulators and porcelain insulators are the same.
- c. Electrical insulators have distinct uses and are not substitutable or interchangeable either commercially or technically. Therefore, all kinds of insulators should not be bundled-up as a single product under consideration.
- d. Designated Authority' observation that "[d]ifferent product types serve the same general function of insulating one conducting body from other conducting body. However, such an understanding is fundamentally flawed. By way of an analogy,

an airplane and a car have the same general function, which is transportation. Now, based on their end function, can these two be treated as meeting the same end application and user preference?

- e. despite submissions on record that websites of Indian producers should not be considered as evidence showing correct information, the Designated Authority in paragraph 12 has found websites as reliable evidence
- f. that non-provision of Chinese customs data to all interested parties for examination and comments leads to violation of the principles of natural justice. Respondent is not able to examine if the products included in the import volume fall within the product scope as defined by the Designated Authority. Respondent is, therefore, unable to provide any meaningful comments.
- g. Interested have demonstrated in its previous submissions differences in the domestically manufactured products and imported products.
- h. Since there are several producers supporting the application, their letters of support should be provided to Respondent for examination. The Designated Authority is also requested to place these letters of support in the public file
- i. IEEMA's communication to the Designated Authority on names and production of other Indian producers not provided to the interested parties
- j. The Designated Authority should record the statements made by Power Grid regarding *closing their manufacturing facilities*. The Authority should examine WSI's current manufacturing status and the standing of the domestic industry.
- k. There are significant differences between the production technology and raw materials for porcelain and glass insulators. Therefore, it is prudent to separately calculate normal value for glass insulators, and compare that with the export price. The Designated Authority is under the obligation to establish separate normal value for glass insulators so as to have a "fair comparison" between export price and normal value
- l. Neither applicants nor designated authority has undertaken in the disclosure statement any analysis on the potential decline of injury factors.
- m. Clarify why there is a discrepancy in the figures provided in the application and the figures relied upon by the Designated Authority in the disclosure statement. If Applicants had revised their data, the same should have been provided to Respondent and other interested parties
- n. Designated authority has made *Contrary observations on production/manufacturing process*. interested parties have maintained throughout the investigation that production processes for porcelain and glass insulators are different
- o. Designated Authority must also keep in mind public interest while evaluating imposition of anti-dumping duty. It is worth reiterating that imposition of anti-dumping duties will drive the prices of subject goods upwards to the detriment of the consumers, which is not the purpose of anti-dumping duties
- p. there is a substantial difference in cost and operational expenses associated with porcelain and glass insulators. For instance, glass insulators are less vulnerable to being used as defective material, practically no incidence of decapping for glass insulators
- q. As regards the issue of the PCN methodology, the Exporters submit that they have no objections to the actual PCN methodology adopted by the Hon'ble Designated Authority. However, over the course of the investigation, the Exporters have consistently raised an objecting with regard to the procedure

followed in adopting the present methodology which continue to remain un-addressed.

- r. With regard to the exclusion of 800KV hollow insulator for instrument transformers is concerned while there is no doubt that there is capability, it is surprising to find that during the course of the investigation they have been able to supply the same to only one customer. , it cannot be said to have made commercial sales but only sample sales
- s. With regard to the adjustments to be carried out as regards the cost and price difference in glass and porcelain insulators is concerned, it has been clearly admitted by the Domestic Industry as well as evidence made available by PGCIL that it is the prices which are taken into consideration while awarding the tenders.
- t. Designated Authority may kindly make available the relevant information that was relied upon in February 2014 to come to the determination that indeed these parameters are appropriate for a product comparison methodology
- u. As regards the comments of the other interested parties with regard to the PCN methodology is concerned, the same was not invited
- v. a large volume of data was called for from all interested parties in February, 2014. If a verification of the proposed parameters was conducted at a later stage *after* instructing all interested parties to provide such data, it is submitted that this would be tantamount to a violation of the principles of natural justice. the technical literature and evidence that was relied upon to come to the conclusion that the proposed parameters are appropriate should be made available to the interested parties.
- w. Nearly two years have passed since the period of analysis provided in the Disclosure Statement. In fact, the same analysis was conducted in the Preliminary Findings as well. Despite objections being raised on the issue after the Findings were issued, the Hon'ble Designated Authority has not updated the period of analysis for the above parameter. Authority should have confirmed that there have been no imports during the course of the investigation and the comfort provided by the Petitioner is not limited to the outcome of the Finding.
- x. The Exporters have repeatedly requested the Hon'ble Designated Authority to kindly demonstrate how it has ascertained that the Chinese Customs data is more reliable than the Indian customs data.
- y. that if DGCI&S data is not reliable for the purposes of the subject country, then it cannot be conveniently considered reliable for the purposes of other non-subject countries either. The Hon'ble Designated Authority has held above that imports from other countries are negligible in volumes. However, the question that begs consideration is how can those volumes be deemed reliable when the Hon'ble Designated Authority has explicitly disregarded the same source of import data for the subject country
- z. If the Exporters had not withdrawn the MET claim, the Hon'ble Designated Authority would be duty-bound to inquire about and accept all evidences in this behalf. Therefore, the Hon'ble Designated Authority has granted the Market Economy Treatment to the Exporters on account of their withdrawal of the MET claim and not on account of third party information.
- aa. Confidential Export Price calculation of the Exporters made available by the Hon'ble Designated Authority, the Exporters confirm the same and have no further comments in this behalf
- bb. Designated Authority is requested to provide a group wide dumping margin as it has been doing in other cases.

- cc. the causal link analysis of the present finding merely examines the five factors listed above as formality without any actual investigation as to whether there are truly any other factors that may have caused injury to the domestic industry. Designated Authority may kindly examine the domestic industry's operations and data in detail to determine whether there is a breach in causal link
- dd. import price has actually remained the same over the injury period as compared to the base year of 2009-10 and has not had any negative impact on the price of the domestic industry. It may be noted that while the domestic industry's price has increased, the import prices have not followed the same trend thus establishing a complete lack of any link of causality between the two prices
- ee. The Exporters regularly participate in the bids conducted for the Indian power projects whereby a large share of recent bids has been awarded to Indian producers. These bids are decided predominantly on a cost analysis. It appears highly unlikely that Chinese producers participating in these bids are undercutting the Indian producers and yet the bids are being awarded to the Indian producers
- ff. Petitioners are export-centric entities and the injury if any is attributable, to the decline in Exports of the Petitioners
- gg. Since the Hon'ble Designated Authority has disclosed the dumping margin indexed numbers of the normal value and the export along with the margins, unfortunately there is no indexed data for the costing, return on capital employed as well as non injurious price and the landed value disclosed
- hh. The product comparison methodology used by the Hon'ble Designated Authority remains unsubstantiated and has been selected arbitrarily without appropriate reliance placed on evidence.
- ii. The Import data as established above remains unreliable and is liable to be disregarded.
- jj. The Hon'ble Designated Authority should reclassify the import data as is provided above and accordingly the injury analysis should be done for each category and segmentation
- kk. The Petitioners are not suffering any injury, and any claimed injury is self attributable to factors other than imports as demonstrated above.
- ll. The Hon'ble Designated Authority should exclude higher KN value insulators from the present product scope in public interest.
- mm. The Hon'ble Designated Authority should re-work the duty table based on group wide margin as has been requested based on the practice followed in other investigations.
- nn. Contract for tower and Conductor packages have been awarded in 8 orders, the levy of ADD now on insulator package for these orders/contracts will not serve any purpose to protect the domestic industry and its levy will result in higher cost leading to additional burden on general public. Further ADD should be exempted on World Bank/ ADB funded projects and be levied on percentage basis.

Submissions by Domestic Industry

- 191. While repeating a number of earlier submissions, the domestic industry has made the following additional submissions.
 - a. As regards the argument of Indian producers not having adequate capacity, the domestic industry in fact enhanced its capacities based on plans laid down by PGCIL. However, after giving plans to the domestic industry, PGCIL resorted to

imports in view of lower prices offered by the Chinese producers. PGCIL can give its medium to long term requirements to the industry and industry would be too happy to take further steps in ensuring that the demand of PGCIL are met. The purpose of anti-dumping duty investigation is to prevent unfair trade practice and not to restrict imports.

- b. As regards the argument of non participation of Indian producers in tenders, the statement that only two producers are participating in the bids is incorrect. All the constituents of the domestic industry have been participating in the tenders floated by the PGCIL. The capacity constraints indicated for BHEL were superficial, as Power Grid deferred supplies by 17 months and consequently had indicated additional requirement with shorter delivery, which got bunched with the supplies of another project.
- c. As regards a single-party bagging all orders, the importers seem to be of the view that imposition of anti-dumping duty would ban imports of product under consideration. The purpose of anti-dumping duty is only to prevent unfair trade practice. The exporters can still export the product under consideration but at fair prices.
- d. All the constituents of the domestic industry have been participating in the tenders floated by the PGCIL
- e. As regards categorization of insulators, the petitioners have proposed PCN which was accepted by the Authority after conducting detailed analysis. The dumping margin and injury margin determination has been done PCN wise. The authority has not considered different voltage ratings as one product. Voltage ratings is one of the PCN parameters.
- f. As regards actual cost is up to 1.5 times the cost considered in the preliminary findings, it is submitted that this will further increase the dumping margin and injury margin.
- g. PGCIL was aware of the on going investigations and yet continued to expose itself. The anti-dumping duty investigation being a time bound investigation; PGCIL could have delayed its tenders by few more months. Instead PGCIL rushed with tenders and awarded the same to Chinese producers.
- h. As regards capacity constraint, if the exporters wish to bridge the gap, they can export the product at fair prices. The domestic industry is at present facing declining capacity utilization and low level of capacity utilizations. It cannot be expected that the domestic industry would increase its financial losses and keep adding the capacities.
- i. The Customs Authorities have time and again issued circulars emphasizing that all the Exporters / Customs Brokers that they should declare complete & relevant description of the export goods in the shipping bills with the correct and prescribed Standard Unit Quantity Codes (UQC) as per the Customs Tariff Act, 1975. It is also relevant to point out that these exporters have filed questionnaire responses wherein the exporters have clearly given information with regard to exports to India on the basis of weights. Thus, the exporters have filed questionnaire responses by adopting weight as the unit of measurement and are now contending that the prescribed unit of measurement under the Customs

Tariff Act has not been followed for objective purpose due to uniqueness of product.

- j. If the interested parties consider that they had exported the excluded products, it was for these interested parties to provide the relevant information and establish that the contention of the domestic industry in this regard was not correct.
- k. The detailed transaction wise China Customs data which is provided to the Authority is third party information and the petitioners are not authorized to disclose the same.
- l. the total value of imports reported in DGCI&S corroborates to a significant extent with the total value reported in China customs. However, even when the value of imports reported in DGCI&S corroborates to a significant extent to the values reported in China customs, the information contained in DGCI&S could not be adopted for assessment of import volumes for the reason that the DGCI&S data does not accurately report the volume of the product in terms of weight and it would not be appropriate to assess the weight of the imports in several transactions.
- m. The questionnaire responses filed by the responding exporters would show that the goods have been invoiced by using weight as the unit of measurement. Further, the volume of imports reported by the responding exporters would be comparable to the volume of imports as reported in China Customs.
- n. Petitioners have provided supplier wise exports from China to India for the relevant period and the same further establishes that majority of the exports have been made by the responding companies. even if questionnaire responses of the responding companies alone are considered for determination of volume of imports, the same will again lead to same conclusion.
- o. As regards the findings of Director General (Safeguards), it is submitted that the responding exporters have not filed any evidence to establish their bare claims of so called mistake by Director General (Safeguards).
- p. Designated authority had, in its preliminary findings, established that DGCI&S and any other Indian customs cannot be adopted for determination of volume and value of imports and had given sufficient reasoning after detailed analysis of reliability of China Customs. it is surprising that CCCME is claiming that China Customs data is unreliable and further not providing any information regarding the exports of product under consideration into India, which they would be privy of.
- q. As regards exclusion of 800KV Hollow insulators:- ABB is sourcing 800 KV circuit breaker insulators from Modern Insulators Limited. BHEL has infact supplied these kind of insulators to ABB.
- r. As regards exclusion of 800KV HVDC insulators for AC filter application:- Modern Insulators Limited had received order for 800KV HVDC Solid Core capacitors for AC filter application in June 2014 and the same has been already manufactured and partial quantity dispatched, as per designs submitted by ABB. Infact ABI has offered to supply such material to ABB. however due to very short lead time given by ABB which was practically not possible, the ABI could not supply the same. Infact ABI sought extension of lead time but the ABB did not respond to that.

- s. anti dumping duty may be imposed only as ad valorem, expressed as % of CIF price.
- t. As regards Non Injurious Price difference in consumption factors over the years is different from inefficient utilization of raw materials & utilities determination
 - i. Capital employed should be determined considering present value of fixed assets, or at the least gross value of fixed assets
 - ii. the authority is required to consider actual raw material and utilities consumption
 - iii. It would be inappropriate to ignore actual production and adopt any other production basis for determination of non- injurious price. The authority is required to determine actual cost of production and not a notional lower cost of production in order to determine a price which can be compared with the import price in order to assess injury margin.

Examination of Authority

192. The Authority notes that post-disclosure comments/submission made by the interested parties are mostly reiterations of earlier submissions, which were already examined suitably and adequately addressed in the preliminary findings, or disclosure statement or relevant paras of the present finding. The authority further considers as follows with regard to issues raised by the interested parties.
- a. As regards consideration of glass and porcelain insulators as one like article, the authority holds that the issue has been examined and addressed in detail in the preliminary findings and the present final findings at the relevant paragraphs. The authority considers that on the spot verification by the officers is not necessary for the authority to conclude whether the two constitute one like article. The information on record clearly establishes that the major consumers such as Powergrid have procured glass and porcelain interchangeably - both technically and commercially.
 - b. As regards difference in different types of insulators, the issue has been examined in detail. The mere fact that different types of insulators differ in associated costs and prices do not render them different products. It merely implies that the difference shall be considered for fair comparison for the purpose of dumping margin and injury margin. The authority has determined dumping margin and injury margin on the basis of PCN methodology described above.
 - c. As regards opportunity for comments on PCN methodology, it is reiterated that the interested parties were free to offer their comments on the proposed PCN methodology. Even after issuance of preliminary findings, no interested party made any suggestions with regard to alternate PCN or modifications to PCN.
 - d. As regards difference in the figures between petition and preliminary findings/disclosure statement, the authority notes that the figures adopted by the authority at Preliminary Findings/disclosure statement are on the basis of investigation conducted by the authority and information verified during the course of the investigations. The

interested parties had several opportunities to comment on the figures posit issuance of preliminary findings.

- e. As regards adoption of DGCI&S data for third countries, even when the DGCI&S data has not been adopted for China, the issue has been examined in detail in the preliminary findings and present findings. Information on record shows that imports of the product under consideration are practically from China. In fact, none of the responding parties showed any imports of the product from third countries. It is not a claim of any interested party that the injury to the domestic industry was because of undumped imports from third countries.
- f. As regards adjustment for difference in weight of glass and porcelain insulators, the authority notes that since porcelain insulators and glass insulators are held as like article, the methodology adopted by the Authority in evaluating the normal value of the like article is consistent with its earlier practice and the issue of weight adjustments of glass and porcelain is not relevant.
- g. As regards the argument that the normal value (or NIP) is not for glass insulators as far as dumping margin (or injury margin) of glass insulators is concerned, the authority notes that the rules require the authority to consider the like article for determination of normal value. Section 9A(1)c of the Act in fact provides that the normal value is the price of the like article in the domestic market of the exporting country. Thus, the authority is in fact required to consider normal value by considering like article.
- h. As regards the arguments about performance reported in annual report, the authority notes that the authority is required to consider performance of the domestic industry for the product under consideration in the domestic market over the injury period. By contrast, the information in the annual report pertains to a particular company, for a particular year, for overall performance of the company in the domestic & global markets. Further, whereas the dumping law distinguishes between raw material, product under consideration and downstream products, the annual report may even extend to performances in raw materials and downstream products.
- i. Submissions have been made with regard to access to the evidence/ information provided by other interested parties through public file. Submissions have also been made contending non disclosure of national or international standards, letter from IEEMA with regard to Indian production, support letters from other Indian producers, changes in the data in the petition, NIP, etc. The authority notes that documents such as IEEMA letter, support letters, national or international standards were in fact made available by the domestic industry in their submissions, a copy of which was made available to the interested parties. While NIP is an absolute figure and therefore cannot be disclosed to all interested parties, dumping margin and injury margin ranges were disclosed to interested parties. The domestic industry has not filed any changed data. The authority has conducted verification and has adopted verified data, which is not the same as the claims made by the domestic industry. As regards maintenance of public file, the authority notes that what is relevant is whether the relevant

document/information has been made available to the interested parties. In fact, a number of interested parties accessed a number of times documents/information filed by opposing interested parties during the course of the investigations.

- j. As regards request for disclosure of China customs data, the Authority further notes that the Rule 7 of the Rules permit an interested party to provide information on confidential basis. No such information can be disclosed to any other party without specific authorisation of the party providing such information. The Authority is however required to be satisfied as regards its confidentiality. Such as party may submit to the designated authority a statement of reasons why summarisation is not possible. In the instant case, the domestic industry has provided non confidential summary of the China customs data. In any case, the Authority has adopted China customs data for the purpose of determination of aggregated volume and value of imports in India over the injury period. Further the information is separately accessible to the Authority through UN COMTRADE data. The Authority has in any case has not adopted transaction by transaction data of China customs for the determination of dumping margin and injury margin for which constructed Normal value approach and response of cooperative exporters has been adopted. The confidential Ex factory export price has been disclosed to the cooperating exporters in the disclosure statement.
- k. As regards contention of Sediver for a combination duty for the entire group, the Authority has determined weighted average dumping margin and injury margin for the group and accordingly the same quantum of duty has been recommended.
- l. As regards submissions of Powergrid for exemption from payment of ADD on all those imports for which orders were awarded earlier and for world bank / ADB funded projects, the Authority notes that the decision with regard to imposition and collection of AD duty are beyond the ambit of the investigation and recommendation. The Central Govt. may make an appropriate decision in this regard.

F. Indian industry's interest & other issues

- 193. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.
- 194. It is recognized that the imposition of anti-dumping duties might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of these product. The domestic industry submitted that product under consideration constitutes hardly 5% of the transmission & distribution cost and imposition of duty shall have insignificant cost implications for the consumers in terms of the overall transmission and distribution costs involved. Therefore, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if

the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

G. Recommendations

195. Having regard to the issues raised, information provided and submissions made by the interested parties and facts available before the Authority through the submission of interested parties including those made as comments to the disclosure statement or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current dumping and injury, the Authority concludes that:
- (a) The product under consideration has been exported to India from the subject country below normal value.
 - (b) The domestic industry has suffered injury on account of subject imports from subject country.
 - (c) The injury has been caused by the dumped imports of subject goods from the subject country.
196. The Authority notes that the investigation was initiated and it was notified to all interested parties. Adequate opportunity was given to the exporters, importers and other interested parties to provide information on the aspects of dumping, injury and causal link. Having initiated and conducted an investigation into dumping, injury and the causal link there of in terms of the Anti-dumping Rules and having established a positive dumping margin as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of anti-dumping duty is necessary to offset dumping causing injury. Domestic industry has requested for imposition of Anti-dumping duty to address injury being suffered. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definite anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. For the purpose of determining injury margin, the landed value of imports of product under consideration has been compared with the non-injurious price of the domestic like product produced by domestic industry determined for the period of investigation. The Authority considers that the anti-dumping duty in the form and manner recommended in the preliminary findings is appropriate and has adopted the same for the present findings as well.
197. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, definitive anti-dumping duty equal to the amount indicated in column 8 of the table below is recommended to be imposed on all subject goods originating in or exported from the subject country.

SN	Heading/ Sub heading	Descriptio n of goods	Country of origin	Country of export	Producer	Exporter	Amount of duty	Unit	Curre ncy
1	2	3	4	5	6	7	8	9	10
1	854610 854620	Electrical Insulators*	China PR	China PR	Nanjing Electric (Group) Co Ltd	Nanjing Electric (Group) Co Ltd	1,188	Per MT	US\$
2	- do -	- do -	China PR	China PR	Zigong Sediver Toughened Glass Insulator Co. Ltd. Or Sediver Insulators (Shanghai) Co. Ltd.	Zigong Sediver Toughened Glass Insulator Co. Ltd. Or Sediver Insulators (Shanghai) Co. Ltd. Or SediverS.A. (France)	687	Per MT	US\$
3	- do -	- do -	China PR	China PR	Dalian Insulator Group Co. Ltd.	Dalian Insulator Group Co. Ltd.	1,377	Per MT	US\$
4	- do -	- do -	China PR	China PR	LilingHuaxin Insulator Technology Co., Ltd	LilingHuaxin Insulator Technology Co., Ltd	128	Per MT	US\$
5	- do -	- do -	China PR	China PR	Chengdu Global Special-Glass Manufacturing Co., Ltd	Sichuan Yibin Global Group Co., Ltd.	1,174	Per MT	US\$
6	- do -	- do -	China PR	China PR	Any combination other than SI. No. 1 to 5 above		2,042	Per MT	US\$
7	- do -	- do -	China PR	Any other than China PR	Any	Any	2,042	Per MT	US\$
8	- do -	- do -	Any other than China PR	China PR	Any	Any	2,042	Per MT	US\$

* product under consideration is “Electrical insulators of Glass, or Ceramics/Porcelain, whether assembled or unassembled, excluding the following:

1. telephone or telegraph insulators of voltage rating up to 1 KV,
2. electrical or electronic appliances/device insulators of voltage rating up to 1 KV,
3. composite insulators
4. condenser bushings and transformer

198. Subject to above, the Authority confirms the preliminary findings vide Notification No. 14/11/2013 DGAD dated 1st July, 2014 and the duty recommended in the Duty Table above would be applicable from the date of imposition of the provisional antidumping duty.

199. An appeal against the order of the Central Government that may arise out of this recommendation shall lie before the Customs Excise and Service Tax Appellate tribunal, in accordance with the relevant provisions of the Act.

(J. K. Dadoo)
Designated Authority