

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)

NOTIFICATION

New Delhi the 3rd October, 2008

Final Findings

(Sun Set Review)

Subject: Sunset review of anti-dumping duty imposed on Acrylic Fibre originating in or exported from Korea RP and Thailand.

No.10/7/2006- DGAD : Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred to as Act) and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules);

BACKGROUND OF THE CASE

2. On the basis of an application filed by the domestic producer in India, the Designated Authority (herein after referred to as the Authority) initiated an antidumping investigation on 13.9.1996 and notified its final findings recommending definitive antidumping duty on import of Acrylic Fibre (hereinafter referred to as subject goods) originating in or exported from Thailand, USA and Korea RP, vide Notification No. 47/ADD/IW, dated 14.10.1997. Subsequently mid-term review was undertaken vide Notification No. 21/1/99-DGAD, dated 26.4.1999 and definitive anti dumping duty was recommended vide final findings Notification No. 21/1/99-DGAD, dated 19.4.2000. Sunset review of the anti dumping duty was initiated vide Notification No. 26/1/2001-DGAD, dated 07.8.2001 and the final findings were issued vide Notification No. 26/1/2001-DGAD, dated 06.8.2002. Definitive antidumping duty was re-imposed on the subject goods vide Customs Notification No. 106/2002-Customs, dated 09.10.2002. Authority initiated mid term review on 06.07.2006 and definitive anti-dumping was recommended vide final finding Notification No. 15/13/2006 dated 03.10.2007.

3. Forum of Acrylic Fibres Manufacturers, New Delhi through the participating companies, viz., M/s. Indian Acrylics Ltd and M/s. Vardhman Acrylics Ltd., filed a petition under Section 9A(5) of the Customs Tariff Act, 1975, as amended in 1995 read with Rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 requesting sunset review of anti dumping duties earlier imposed on imports of Acrylic Fibre from Thailand, Korea and USA. In its application, the applicant substantiated the need for a review of the anti dumping duty imposed on the subject goods originating in or exported from Thailand and Korea RP. The petitioner claimed with prima facie evidence that cessation of anti dumping duty imposed on subject goods from these countries is likely to lead to continuation or recurrence

of dumping and injury and have requested for continuation and enhancement of the anti dumping duty imposed on subject goods from subject countries for a further period of five years.

4. Authority initiated sunset review vide notification No. 8th October 2007 in accordance with Section 9A(5) of the Act, read with Rule 23 of Antidumping Rules, to review the need for continued imposition of duties in force and whether the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury.

PROCEDURE

5. The procedure described below has been followed with regard to this investigation:

- i) After initiation of the review investigation, the Authority notified the domestic industry, all known exporters/producers in the subject countries and known importers, calling for questionnaire responses and necessary information in accordance with Rule 6(4);
- ii) The Embassy of the subject countries in New Delhi was informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in their respective countries to respond to the questionnaire within the prescribed time.
- iii) The Authority sent questionnaires, to elicit relevant information, to the following known exporters from Thailand and Korea RP.
- iv) Only one of the exporters from Thailand , M/s. Thai Acrylic Fibre, responded to the questionnaire in response to the above notification.
- iii) The period of investigation for the purpose of the present review is 1st April 2006 to 31st March 2007 (12 months). However, injury analysis covered the years 2003-2004, 2004-2005, 2005-2006 and April 2006-March 2007.
- iv) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, and the period of investigations;
- v) The following domestic producers of the subject goods have provided their cost and injury information for injury investigation.
 - a. M/s Indian Acrylic Ltd;
 - b. M/s Pasupati Acrylon;
 - c. M/s Vardhaman Acrylic
- vi) Following other interested parties filed their responses to the initiation notification:
 - a) Ludhiana Spinners Association;
 - b) Indian Spinners Association

- vii) The Authority has considered all views expressed and submissions made by various interested parties to the extent they are relevant for the present investigation.
- viii) 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;
- ix) The Authority verified the information furnished by the domestic industry to the extent possible to examine the injury suffered and to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the applicants so as to ascertain if Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- x) The Authority also verified the data of the cooperating exporter, to determine the normal value and dumping margin as per the Rules.
- xi) The Authority held a public hearing on 25^h March 2008 to hear the interested parties orally, which was attended by representatives of domestic industry, exporter of the subject goods from Thailand and other interested parties. The parties attending the public hearing were requested to file written submissions of views expressed orally. The written submissions received from interested parties have been considered and incorporated in the findings to the extent they are relevant and substantiated with evidence.
- xii) **** In the statement represents information furnished by interested parties on confidential basis and so considered by the Authority under the Rules.

PRODUCT UNDER CONSIDERATION AND 'LIKE ARTICLE'

6. The product involved in the original investigation and this sunset review is Acrylic Fibre. Acrylic Fibre is a long chain of synthetic polymer composed of at least 90% by weight of Acrylonitrile, which is a major raw material for production of acrylic fibre. It is broadly described in terms of colour, length and denier of the fibre. It is used for the purpose of manufacturing apparels, household items and it has a great industrial use etc. It is classified under Chapter 55 of the Customs Tariff Act, 1975. It is further classified under the heading 550330 of schedule-I of Custom Tariff Act and 55033000 as per Indian Trade Classification. The classification is, however, indicative only and is in no way binding on the scope of the present investigation.

Views of Interested Parties

Views of M/s Thai Acrylic Fibre Company Ltd, Thailand

7. It has been argued by TAF that product under consideration remained all along as Acrylic Fibre, i.e., acrylic staple fibre. Acrylic Tow Fibre and Acrylic Top Fibre are beyond the scope of the product under consideration on the basis of different customs classification and difference in selling price. Further, there is no warrant to amend the product in a review

as the Authority in a most recent review held that Acrylic Top is beyond the scope of product under consideration. Domestic industry is seeking enhancement in the scope of product under consideration.

Views Of the Domestic Industry

8. On the other hand domestic industry claimed that acrylic fibre implies Acrylic Staple Fibre, Acrylic Tow Fibre and Acrylic Top Fibre. Further, Acrylic Fibre does not mean Acrylic Staple Fibre alone. There is no warrant to amend the product in a review. This, however, applies to the previous as well as present review. There was no warrant to restrict the product in the previously concluded mid term investigations. Domestic industry requested the Authority to check the records of the previous investigations, claiming that acrylic top was wrongly excluded from the previous mid term review and in a wholly unwarranted manner without any requests / submissions by any party and without having regard to various issues involved therein. It is further claimed that Acrylic Fibre is processed further to obtain acrylic tops. The additional / incremental processing cost is hardly 3-5% of the total cost of production. Thus the same does not imply dislike product.

Examination by Authority

9. Authority examined these contentions in details. The Authority holds that the present investigation is a sunset review investigation and therefore the scope of the product under consideration should not be altered in review investigation. The Authority further holds that the scope of the present product under consideration is the same as was the scope of the product under consideration in the sunset review investigations notified vide Notification No. 26/1/2001-DGAD dated 06.8.2002 and consequent Customs Notification No. 106/2002-Customs, dated 09.10.2002.

D. Standing and scope of the Domestic Industry

10. Petition was filed by Forum of Acrylic Fibre Manufacturers based on information provided by Indian Acrylics Ltd. and Vardhman Acrylics Ltd. Subsequent to initiation, Pasupati Acrylon Ltd. filed its injury and costing information.

Views Of the Interested Parties Thai Acrylic Fibre Company Ltd, Thailand

11. It has been argued that constituent of domestic industry have imported the subject goods during POI either directly or through their affiliated companies. It has been alleged that domestic industry had made a false declaration in their application for sunset review that neither themselves nor their related parties had imported the product concerned into India. However, Indian Acrylic Ltd itself had 1658 MT (335 MT during POI and 1323 MT post POI) of product concerned from Thai Acrylic Fibre Co Ltd. Similarly, two of the related entities of Vardhman Acrylic Ltd had imported 259 MT (52 MT during POI and 207 MT post-POI) from Thai Acrylic Fibre Co Ltd.

12. In addition, it has been alleged that Indian Acrylics Ltd had also imported 743 MT from Montefibre Spain during POI and 950 MT from Montefibre Spain and Formosa, Taiwan post POI. Thus, two domestic producers had imported significant quantities and they had made false declaration that they did not import the product concerned and therefore

should not be considered as domestic industry. Rule 5 have not been followed by the Designated Authority while initiating the case.

Domestic industry

13. Domestic industry on the other hand has submitted that Indian Acrylics and Vardhman Acrylics have imported the subject goods under advance license. Further, in case of IAL, the material was customs cleared after the investigation period. Rule 5 is not applicable in case of sunset review. The domestic industry has also pointed out the lack of any application proforma for sunset reviews, even when there is prescribed proforma for mid term review. The perusal of the same would reveal that the questions relating to import or export by companies is wholly irrelevant. It was further claimed that an application for sunset review need not be made by domestic industry. Any interested party can make an application. In fact, application can be on behalf of the domestic industry.

Examination by the Designated Authority

14. The Authority on verification found that Indian Acrylics and Vardhman Acrylics have imported the subject goods under duty exemption scheme. There is no import by Indian Acrylics during the period of investigation and in any case, the imports are against an advance license in which case the imported inputs are not meant for domestic consumption but for export purposes. Authority notes that it is a consistent practice with the Authority not to take into account imports by domestic producers under Advance License for the determination of domestic industry. Further these import volumes constituted a very insignificant proportion when compared with their own production, Indian production and demand in the Country. Authority therefore holds that production of the petitioner companies constitutes a major proportion in Indian production. Domestic producers expressly supporting the application accounted for more than 50 percent of the production of the like product produced by the domestic industry. The application has been made by or on behalf of the domestic industry.

15. The Authority further holds that standing is not required to be established in a sunset review.

16. Subsequent to initiation, Pasupati Acrylon filed its costing and injury information. This was filed during the course of the investigations. The Authority holds that Vardhman Acrylon, Pasupati Acrylon and Indian Acrylics constitute domestic industry within the meaning of the Anti Dumping Rules.

DUMPING DETERMINATION

M/s Thai Acrylic Fibre Company Ltd, Thailand (TAF)

17. Only one exporter/manufacturer, M/s Thai Acrylic Fibre Company Ltd. (TAF) has filed its questionnaire response. The information submitted by the exporter was also verified by the Authority as per the procedure prescribed and the dumping margin has been determined as follows.

Normal Value:

18. TAF filed a detailed questionnaire response containing details of domestic as well as exports sales of the subject goods manufactured and sold by them. Authority found that the operations of the Company are essentially export oriented as verification of the records reveals that 80% of their production is exported to all over the world whereas only 20% is sold in the domestic market. For computation of Normal Value, domestic sales of the subject goods were considered based on the verified data. The element wise cost of production was also verified and reconciled from the books of account maintained by the company. An analysis of the profit and loss account of the company shows that the company has made an overall profit on the sale of subject goods during the period of investigation. The claims of the company with regard to cost of production were also verified and the cost of production of the company determined based on the information filed by the company and verified by the Authority. Based on the cost of production so determined, it was found that loss making domestic transactions were less than 20% of their total sales in the domestic market. It was further seen that sales to related customers in the domestic market were at arm's length with a reasonable profit margin on such sales and therefore all domestic sales were taken into account for computation of Normal Value. Normal Value at ex-factory level as worked out by the Authority taking into consideration all the above factors is as follows:

Weight (MT)	Baht	Exchange Rate	US \$
Selling Price	***	36.7351	***
Discounts	***		
Inland Freight	***		
Interest (Credit Cost)	***		
Normal Value	***		***

Export Price:

19. During the Period of Investigation, Thai Acrylic had exported ***MT Acrylic Fibre to India. The invoice-wise details of exports to India during the period of investigation were considered based on verified data. Price adjustments were considered in appendix-2 itself in respect of each sale transaction as detailed in the revised appendix 2 submitted during verification. Details regarding their claim of adjustments were verified during the course of verification from the records maintained by the company. The verified adjustments on per unit basis include export incentives of US\$ ***, Inland Freight US\$ ***, Credit Cost (Interest) US\$ ***, Overseas Freight US\$ ***, Overseas Insurance US\$ ***, Shipping Charges US\$ ***, Clearance and Handling Charges US\$ ***, and bank Charges US\$ ***. After allowing these adjustments the export price at ex-factory level as worked out by the Authority is US \$ ***per MT.

Likelihood of continuation or recurrence of dumping from Thailand

Views of the Domestic Industry

20. Thai Acrylic has been dumping acrylic fibre in the Indian Market at prices as low as Rs 58 per kg CIF as against the international prices of Rs 110 per kg. It has been represented that the statistics available at Indian Custom' EDI port as published by one of the leading research agency contribute to this view point. It has further been pleaded that Thai Acrylic has increased the dumping of acrylic fibre to Indian Market by diverting the subject goods from the Chinese market. It has been pleaded that, whereas, the Jan-May 2005 thru 2008

figures to China PR indicate the volume at 5822, 11868, 8398 and 2230 MT respectively in 2005, 2006, 2007 and 2008 respectively, the quantity during the corresponding period to India has been 1322, 721, 2137 and 5282 MT respectively.

21. The domestic industry has further represented that exports of acrylic fibre from Thailand to China have significantly declined with setting up of additional capacities in China. It is further been pleaded that the price at which Thai Acrylic Fibre is exporting the product to China is materially below the price at which they are exporting the same in the global market and therefore they are looking for market to get volumes in better prices than what they are getting in Chinese market. Relying upon United Nations commodity trade statistics data base, the DI has pleaded that Thai exports to China has decreased from 20676 MT in the year 2006 to 15793 MT during the year 2007 and in the year 2008, the volume has further fallen by 45%. Summing up their arguments, it has been pleaded that –

- (i) Global exports of acrylic fibre from Thailand have consistently increased except in the year 2007 when the same declined because of decline in Chinese exports.
- (ii) The volume of export from Thailand to China increased from about 605 MT in the year 2002 to over 20000 MT in 2006 but has declined in 2007 with a further decline in 2008.
- (iii) Exports to China are not viable for any exporter as the realization from Chinese market is much lower.
- (iv) Because of the enhanced capacity and reduced demand from China, Thai acrylic fibre is faced significant freely disposable capacity.

Views of Thai Acrylic Fibre Company Ltd.

22. Export prices to India were higher than the domestic selling prices by 1% in 2005 and 2% in 2006. But domestic selling prices were higher than export prices to India during POR by 2%. Export prices to India were higher than the export prices to other countries by 5% during 2005 and 2006. However, export prices to other countries increased significantly during POR and the gap between the export prices to India and other countries narrowed down to a mere 1%.

23. The average export prices to India increased from 100 in 2005 to 103 in 2006 and fell back to 100 during POR. Average export price to other countries increased from 100 in 2005 to 103 in 2006 and to 104 during POR. Average domestic sale prices in Thailand increased from 100 in 2005 to 102 in 2006 and further to 104 during POR. Thus, while average export prices to other countries as well as average domestic selling prices in Thailand showed an increasing trend throughout the injury analysis period, average export prices to India showed an increase in 2006 and a fall during POR.

24. It has further been pleaded that they have a strong presence in other countries and there is no likelihood of shifting supplies from those markets into India if the antidumping duty were terminated as there is no significant difference between export price to India and to other countries, though some increase in the quantities exported to India cannot be ruled out. Further, domestic selling prices are higher and the exporter has focused more on the domestic market during POR and is more likely to continue the focus on domestic market and other

country markets. In view of the same, it is observed that volume of imports from Thailand is not likely to be significant if the existing antidumping duty were revoked. In view of the fact that there was no price undercutting and the export prices to India as well as other countries were within a narrow range, and the domestic selling prices in Thailand were higher than export price to India, the exporter is unlikely to reduce the export prices to India if the duty were revoked.

Examination By the Authority

25. In order to determine whether the dumping is likely to continue or recur in the future if the duties revoked the trend in volume of sales of the exporter and its prices in the home market and third country export markets have been examined by the Authority. The submissions made by the domestic industry have also been considered.

26. The Authority holds that continuance of dumping is established in view of the fact that Thai Acrylic has admitted selling subject goods to India at dumped prices during POI. Authority further holds that the subject goods are being exported to India at dumped prices in spite of antidumping duty remaining in force during this period.

27. Authority Perused World Trade Atlas data on Thai exports of subject goods to India which reveals that the CIF export price during POI stood at US \$2.08 per K.G whereas the same as per response of Thai Acrylic and subsequent verification stood at US\$ 2.03 per K.G.

28. Perusal of the statistics as reflected in the world trade atlas by the Authority also reveals that the exports of Thai origin acrylic fibre to China PR stood at 19221 MT during 2005-06 which has declined to 15247 MT in 2006-07 and further declined to 8592 MT in 2007-08. As far as the average unit price of the product under consideration from Thailand to China is concerned, it stood at 1.77 US \$ per kg in 2005-06 and US \$ 1.95 per kg during 2006-07 whereas the export prices to India for the same periods were reported at US\$ 1.83 and US\$ 2.08 per K.G respectively.

29. To make a fair comparison of prices to India compared to prices to other destinations in or around India, the producer / exporter (Thai Acrylic) was requested to provide details of export data to Third Countries during POI as also post POI by the Authority. Perusal of the data provided by the responding exporter revealed that as against a unit price of US\$*** per MT to India, they had exported to China at a unit price of US\$ *** per MT. Further as against a total export volume of *** MT to India during POI, the exports to China PR were *** MT. In post POI i.e.2007-08, however, whereas the export volume to India had gone up to ***MT, the same in respect of China PR had come down to *** MT. In their submissions to the disclosure statement, TAF has not only admitted this position but has also confirmed a huge decline in their sales to Malaysia. They have further pleaded that their loss in Chinese and Malaysian markets has been compensated by increase of their exports to markets in Indonesia, Iran, South Korea, USA, Hong Kong and Vietnam. This is an indirect admission of effectiveness of antidumping measures in force in India but for which these surplus quantities would have found their way into Indian markets at dumped prices.

29A. yet another fact which has come to the notice of the Authority is the reduction in the duties on Acrylic Fibre from 10% to 1% in Thailand, as reported by the Department of Foreign Trade, Thailand, thereby directly contributing to reduction of domestic sales prices in Thailand. The claim of the exporter of having increased selling price to India should therefore

have resulted in no dumping to India. The position has however been found to be contrary to this as, as per the own admission of TAF, they have been selling subject goods to India at dumped prices.

30. Authority therefore concludes that, there is some merit in the argument that prices are going to fall further and dumping is going to continue and intensify in case of either withdrawal or even reduction of ADD.

31. The authority holds that the submissions made by domestic industry that supplies to China post POI have considerably reduced in terms of volume are more or less corroborated by information available on the world trade atlas as also information provided by the responding exporter and verified during spot visit. The Authority therefore concludes that though the claim of Domestic Industry that Thai Acrylic Fibre exports to India are being done at a price of Rs. 58 per K.G is not substantiated, the trend as per WTA as also as per verified data indicates that, in all likelihood, with the surplus capacities available with Thai exporters and reduced supply to Chinese market, the product under consideration, may get diverted to India

32. The Authority also concludes that a reason for the subject goods continuing to come to India at dumped prices could perhaps be for the reason that the same are imported into India against Advance License, in which no antidumping duty is levied. However this aspect could not be verified by the Authority, because none of the importers of the subject goods cooperated and filed a questionnaire response to the initiation of the review. In their comments to the disclosure statement the responding exporter has confirmed this position. This clearly indicates that they have not been able to penetrate Indian markets because of effectiveness of the ADD measure in force. In a scenario where dumping has continued in spite of ADD in place, and in a scenario where there is recession in not one but two of their main markets, viz. China and Malaysia, the actual dumping margin is only of academic importance to decide likelihood situation after revocation of ADD. Their admission that most of their exports have primarily been against advance license is deterrent to the fact that when exports are made in normal course with duty to be paid by the importer in India, he will seek a lower export price thus resulting in a direct increase in the likely dumping margin.

32A. Authority notes that as per information available in the world trade atlas the export prices of Thai origin PUC to China were US \$ 1.75 per kg, US \$ 1.77 per kg and US \$ 1.95 per kg for the periods 2004-05, 2005-06 and 2006-07(POI) respectively. During the same period export price to India stood at US \$ 1.69 per kg, US \$ 1.83 per kg and US \$ 2.08 per kg respectively. Thus, the prices to various destinations in international market cannot be treated as stable. Analysing the price effect authority further notes that during the injury period through to POI the prices at which subject goods were exported to India were higher than the prices at which the PUC was exported to China, clearly indicating that they are capable of selling goods to India at the prices they have been exporting to China, thus likely to increase dumping margins in the event of reduction of anti-dumping duty. Further as per their own submissions prices to Philippines, Nepal, Hong Kong and Pakistan are lower than the prices to India during POI, thus confirming the apprehension of the authority that low priced PUC can be diverted to India in the event of reduction in the current level of anti-dumping.

All other exporters from Thailand

Normal Value

33. No other exporter from Thailand made any submission before the Authority in response to this review investigation. Normal value being country specific and not exporter specific, the Authority therefore adopts the normal value determined for the cooperating exporter for Thailand, for all other exporters from Thailand as well.

Export Price

34. The net export price has been determined by the Authority based on the lowest export transaction value from Thailand based on the export data of the cooperating exporter from Thailand, to India during POI after allowing adjustments at par with the ones allowed in respect of the cooperating exporter. The net export price at ex-factory level worked out by the Authority for all other exporters from Thailand is US \$ ***per MT.

Dumping Margin for Korea RP

Normal Value

35. The Authority notes that none of the exporters from Korea RP have filed any response. As information about actual domestic sales price, information on exports to third country or cost of production in Korea RP and other information as per the questionnaire have not been furnished by the producers/exporters in that country; the Authority has therefore relied upon the best available information for determination of normal value. In the absence of any response, the petitioners have claimed that constructed normal value on the basis of estimated cost of production be taken into account for determination of Normal Value and subsequent computation of dumping margin. The Authority also tried to access various data bases to get to know the domestic selling price of the product under consideration in Korea RP but no such information was available.

36. In the absence of any response from the exporters from Korea RP in the form and manner prescribed and in the absence of any concrete information of domestic selling prices in Korea RP, the Authority has determined the normal value in Korea RP on the basis of construction by estimating cost of production in accordance with Rule 6(8) supra. The normal value has been constructed by adopting DGCI&S prices of major raw materials, i.e. Acrylonitrile (ACN) and Methyl Acetate (MA) and, best consumption factors for these raw materials and best known estimates of conversion cost during the relevant period of the domestic manufacturer from amongst the domestic industry, Selling, general & administrative costs and reasonable profit margin has been added to the cost of production so determined. The normal value so determined by the Authority for Korea RP is **US \$ *** per MT.**

Export Price

37. The Authority has taken into account transaction wise data from DGCI&S with regard to imports from Korea RP. The Authority notes that the DGCI&S information shows imports of 495 MT of Acrylic Fibre from Korea RP during POI. The Authority also perused the details of exports of subject goods to India from Korea RP as per information available in World Trade Atlas. As per WTA only 81 MT of subject goods were shown to have been exported to India during POI. Further as per WTA South Korea had exported 15956 MT of

subject goods to world over during calendar year 2007 as compared to 362 MT of Acrylic Fibre to India during the same period. Therefore for volume analysis Authority finds it prudent to rely upon DGCI&S data and proposes to rely upon DGCI&S data for volume and injury analysis. Further as per DGCI&S data the CIF import price of Subject goods from Korea RP stood at INR 94302/-(US \$ 2068) per MT which matches the CIF price of US \$ 2.06 per K.G as reflected in WTA. The Authority also notes that as per WTA the CIF price of Subject goods of Korean origin to world over during calendar year 2007 is US \$ 2.16 per K.G compared to CIF export price of US \$2.13 per K.G to India during the same period. Thus Authority considers the CIF price as per DGCI&S data source as reliable price for determination of net export price and subsequent determination of dumping and injury margins as the prices of Korean Subject Goods to world over are at a level higher than the prices to India. After making adjustments on account of export incentives, ocean freight, overseas insurance, inland freight, port expenses, bank charges, the ex-factory export price calculated by the Authority is **US\$ ***per MT**. The dumping margin thus calculated by the Authority is **US\$ *** Per MT**.

Likelihood of continuation or recurrence of dumping from Korea RP

Views of the Domestic Industry

38. It has been pleaded that Korean exports of subject goods to China have declined significantly over a period of time. Relying on United Nations commodity trade statistics data base it has been pleaded that the Korean Exports of subject goods to China which stood at 16808 MT during 2005 has come down to 958 MT and 10259 MT during 2006 and 2007 respectively. It has further been pleaded that their global exports which stood at 21556 MT during the year 2005 has come down to 15956 MT and 16646 MT in the year 2006 and 2007 respectively.

Examination by the Authority

39. Authority after taking note of the submissions of the domestic industry and after perusing the data in world trade atlas concludes that Korean exports of subject goods to China PR stood at 20177 MT which has come down to 15135 MT and 9408 MT during 2005-06 and 2006-07 respectively, though the same has marginally increased to 11575 MT during 2007-08. The Authority also concludes that the prices of Korean origin acrylic fibre to China have gone up from US \$ 1.28 per kg in the year 2005-06 to US \$ 1.91 per kg during 2006-07 but has declined to US \$ 1.76 per kg during 2007-08, thus leaving a scope for the Korean exporters to divert the produce to Indian market to realize a higher realization, though still at dumped prices, in the event of either withdrawal or reduction of the anti-dumping duty from the present level.

40. Authority therefore concludes that ADD duty in place as on date has been effective and in case of reduction of the same, dumped imports from Korea will find their way into India.

Dumping Margin

41. The normal values determined at the ex-factory level has been compared with the respective net export prices determined at the ex-factory level to determine the dumping margins as follows:

Dumping Margin Calculations	Normal Value US\$/ MT	Export Price US\$/ MT	Dumping Margin	Dumping Margin %
M/s Thai Acrylic, Thailand	***	***	***	2-7%
All Others exporters from Thailand	***	***	***	14-19%
Exporter/producer from Korea RP	***	***	***	7-12%

42. The current dumping margins from the subject countries have been found by the Authority to be above de minimis.

Injury and Causal Link Determination

Views of the interested parties

Views of the Domestic Industry

43. The domestic industry, in its submissions has inter alia argued as follows

- i. The imports from subject countries increased in absolute terms. Further, as held by the Designated Authority in the disclosure statement issued recently, potential increase in import volumes is far more, given that the foreign producers have enhanced capacities.
- ii. Selling price in the domestic market are directly linked to import prices. The domestic industry has to respond to lowest import price from various sources. Revocation of anti dumping duty shall imply prices of acrylic fibre from these countries declining in the market. Consequently, the domestic industry would be forced to reduce the selling prices.
- iii. Any decline in selling price would have its adverse impact on profitability, return on investment and cash profit situation of the domestic industry.
- iv. Two other companies – IPCL and Consolidated Fibre have been forced to suspend their operations relating to acrylic fibre in view of persistent dumping of the product in the Country. IPCL was suffering negative value addition in acrylic fibre. Considering the prices of captively produced acrylonitrile, the company was rather faced with negative value addition. Further, Consolidated Fibre was producing only acrylic fibre and has been forced to suspend their production. Injury to these two companies was due to persistent dumping of the product in the Country.
- v. The domestic industry has suffered injury from persistent dumping of the product in the Country. A number of these sources are either attracting anti dumping duties or duties have been recently revoked. Thus, the injury to the domestic industry in this sunset review investigation is required to be seen in the light of existing duties.

- vi. That the demand for acrylic fibre in India declined. However, while the acrylic fibre capacity in the world is far beyond the demand, Producers in subject countries have been expanding capacities without proportionate increase in their domestic demand, obviously considering export markets. Such capacity expansions are naturally at the peril of other producers.
- vii. The imports are still continuing at dumping prices and extent of dumped imports has remained at significant levels in the present investigations. The circumstances, which were prevalent at the time of original investigations, are very much in existence even till date. There has been no change in the circumstances, which only reflects that the dumping would recur at higher levels.
- viii. The capacity created by producer in Thailand is significantly higher than demand in their local market. Huge volume of exports being made by the petitioner to third country market makes it evident that the volume of imports would increase significantly in the event of revocation of ADD. Further it is the understanding of the domestic industry that petitioner is also expanding their capacity.
- ix. That the exports of the exporter to third countries are at significantly dumped prices.
- x. Production, capacity utilization, productivity, profits, return on investment, cash profits increased upto 2004-05 and declined in 2005-06. Even though there was some improvement once again in 2006-07, the levels achieved were below even the base year, leave aside natural improvements beyond those levels.
- xi. That it is evident that the domestic industry is facing continuous dumping of subject goods from the subject countries and other countries. However, there is no reason or justification to believe that revocation of the duty would not lead to increased or continued dumping at large scale with consequent injury to the domestic industry.
- xii. The imports from subject countries increased in absolute terms, resulting in increase in market share of imports.
- xiii. The profitability started declining when the dumped import prices led to a situation of price undercutting and price underselling.

Views of M/s Thai Acrylic Fibre Company Ltd, Thailand

44. M/s Thai Acrylic Fibre Company Ltd. has made the following arguments on the issue of injury to the domestic industry:

- i. No Likelihood of continuance or recurrence of adverse volume effect of the domestic industry in view of following:
 - b. No significant increase in quantity of import in absolute term
 - c. No significant increase in quantity of import in relative to production
 - d. No significant increase in quantity of import in relative to consumption
- ii. No likelihood of recurrence of price undercutting by imports from Thailand

iii. Imports did not affect the profitability of the domestic industry

- v. There is no causal link between imports and the injury claimed by the domestic industry detailed as follows.
- a. Vardhman is not injured and IAL's reasons for injury are internal
 - b. The actual reasons for the current losses at IAL and Vardhman and general problems facing the global / Indian acrylic industry is due to substitution of acrylic fibre by polyester fibre and cotton.
 - c. Acrylic fibre industry was pressed between surging raw material prices and stagnating demand for its products.
 - d. The reasons mentioned in the respective director reports are the real reasons for the performance of Indian Acrylic Fibre industry and not the imports from Thai Acrylic fibre.
 - e. Acrylic fibre Manufactured by IAL through dry spun fibre is not fit for hosiery applications.
 - f. Closure of plants by IPCL and CFCL were due to very uneconomical capacities both in terms size and technology.
 - g. That the Indian domestic producers export a significant quantity of their production to other countries. They have suffered significant losses in their export sales.

Views of other interested parties

Indian Spinners Association

45. The Indian Spinners Association, in its submissions has argued
- i. Consumers of acrylic fibre are now facing serious problems of high raw material cost while sourcing acrylic fibre because of anti dumping duty imposed.
 - ii. The acrylic yarn spinners in India prefer acrylic fibres produced through Japan Exlan Technology being superior qualities instead of Dry process produced Acrylic fibre thus after closure of CFCL there is insufficient capacity in India
 - iii. ADD has been maintained despite lower dumping margin of TAF
 - iv. VAL cannot meet the demand of exlan type of fibre
 - v. Feed stock price had gone up resulting in some increase in the price of acrylic fibre by the domestic industry

- vi. Foreign producers are exporting the fibres to various countries in the world at similar prices
- vii. Even when anti dumping duties has been in place on imports from Thailand for over 10 years, two plants already closed, indicating other cause of injury.
- viii. That antidumping duty has been imposed on almost all countries manufacturing acrylic fibre on the pretext of the FAFM. In the previous investigation the domestic industry claimed injury on cumulative basis for imports of acrylic fibre. But the scenario has changed and existence of injury to the domestic industry has almost ceased due to closure of several manufacturing units of acrylic fibre and fall in imports.
- ix. That the Acrylic Fibre Manufacturers have enjoyed monopoly under the effect of antidumping duty and there seems no recurrence of dumping that would lead to material injury to the domestic industry or likelihood of such injury.

Ludhiana Spinners Association and Knitwear Club (Regd.)

46. They have sought withdrawal of ADD on the premise that:
- i. Indian production has come down in 2006-07 from 2004-05 level considerably and is not insufficient to meet the domestic demand.
 - ii. Yarn spinners in India prefer AF produced thru Japan Exlan Technology because of its inherent strength, better yarn quality, good colour uptake, and compactness in final garment. At present only Vardhman Acrylic ltd. uses this technology but they consume most of their production captively and thus forcing the user industry to rely on imports.
 - iii. High prices of the product under consideration has resulted into substitution by polyester and other fibres.
 - iv. Demand exceeding supply, domestic producers are free to sell at best prices.
 - vi. Domestic producers who get protection by way of ADD export their product world over at similar prices at which imports come to India without any ADD being imposed by such importing countries against Indian Imports.
 - vii. The duty is already in place for more than 10 years and in spite of the same, major producers like CFCL and IPCL has closed down thus indicating uncompetitiveness of Indian Producers.
 - viii. Even the producers have been importing the product under consideration from time to time.
 - ix. The present dumping duty is being maintained at about a dumping margin of 12% as against a dumping margin of 2.53% assessed in the last Mid Term Review.

Examination by the Authority

47. The Authority has considered various arguments put forth by various interested parties in their submissions and issue of continuation of injury to the domestic industry has been examined in the light of these arguments made before the Authority. The Authority concludes that the current dumping margins from the subject countries are above *de minimis* level. The Authority therefore proceeds to examine the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury on account of imports from the subject countries.

Cumulative Assessment

48. Annexure II (iii) to the Anti Dumping Rules provides that in case imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that:

- a. The margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the imports of the like article or where the export of the individual countries less than three percent, the imports cumulatively accounts for more than seven percent of the imports of like article, and;
- b. Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.

49. The Authority concludes that it would be appropriate to cumulatively assess injury to the domestic industry from Thailand and Korea RP as detailed below:-

- i. The margins of dumping from each of the subject countries are more than the limits prescribed,
- ii. The volume of imports from each of the subject countries is more than the limits prescribed,
- iii. Cumulative assessment is appropriate in view of the following factors
 - a. The goods involved are like articles and are competing in the same market;
 - b. The imported products are being sold through the same channel of distribution and to comparable category of customers;
 - c. Products from both the countries are undercutting the prices of the domestic industry in the market.
 - d. Imports from both the countries are increasing.

Current Injury and causal link

50. Article 3.1 of the Act and Annexure II of the AD Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in imports, either in absolute term or relative to production or consumption in the importing member. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree, or prevent price increase, which would have otherwise occurred to a significant degree.

51. For the purpose of current injury analysis, the Authority has cumulatively examined the volume and price effects of dumped imports of the subject goods from the subject countries on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any. The Authority notes that antidumping duty is also in force on the subject goods being imported from a number of countries. Accordingly, the volume and price effect of dumped imports have been examined as follows:

Volume Effect of dumped imports and Impact on domestic Industry

52. The effects of the volume of dumped imports from the subject countries as well as imports from other countries have been examined by the Authority as follows:

Import volumes and share of subject countries:

53. The domestic industry has argued that the DGCI&S data does not reflect the complete import data and the import volume is higher than that has been reported in the DGCI&S data. Since the import volumes shown in the final findings of MTR –II had already been verified by the Authority, the Authority proposes to adopt the same for the years 2003-04, 2004-05 and 2005-06 and for POI as per DGCI&S data source. As far as POI is concerned, the Authority perused World Trade Atlas Data to draw a comparison between exports volume of subject goods to India compared to the volumes to world over by Thai manufacturers and found that as per WTA, total exports of Acrylic Fibre to India from Thailand was 1857 MT as against 4389 MT reflected by Thai Acrylic alone in their response and subsequently verified by the Authority. On the contrary the data source DGCI&S reflects the import volume from Thailand as a whole at 2697 MT. Further as per WTA Thailand exported 50537 MT of subject goods to all over the world during the calendar year 2007 where as during the same period exports to India as per WTA stood at 2730 MT. Therefore the Data sources DGCI&S and WTA cannot be relied upon for volume analysis as they have captured incomplete data. The Authority therefore has adopted volume of imports as shown by the cooperating exporter from Thailand for the POI for the purposes of volume analysis. Accordingly the import volumes for the injury period were as under:

S.NO.	Particulars	Unit	2003-04	2004-05	2005-06	2006-07
1	Imports from subject countries	MT	3385	5187	3,985	4,884

2	Korea RP	MT	819	1,739	662	495
3	Thailand	MT	2,566	3,448	3,323	4,389
4.	Other Countries attracting duty	MT	9642	8218	3597	1745
5	Other countries	MT	791	1207	4615	5507
6	Total imports	MT	13,818	14,672	12,197	12136

54. The Authority found that import from the subject countries increased significantly in the POI by about 44% as compared to the base year. As far as Thailand is concerned the increase is 71% in POI compared to the base year 2003-04 and for Korea RP there is a decline by 40%. Imports from the other countries attracting duty has drastically declined by about 82% of the volume in the base year. However, import from other countries not subject to antidumping duty shows significant increase by about 596%. The countries included under this category are Egypt, Iran, DPR Korea, Latvia, Russia, Uzbekistan, Mexico, Brazil and European Union

55. The Authority holds that the volume of imports from the subject countries was significant throughout the injury period in spite of the Antidumping duty being in place..

Demand, Output and Market shares

Demand and Market Share

56. On the basis of verified data, the position with regard to demand and market share is as follows –

	UOM	2003-04	2004-05	2005-06	2006-07
Total Imports	MT	13818	14672	12197	12136
Imports from Subject Countries	MT	3385	5187	3,985	4,884
Imports from other countries attracting Duty	MT	9642	8218	3597	1745
Imports from Others not attracting ADD	MT	791	1207	4615	5507
Sales of domestic industry	MT	66114	65504	68249	75197
Other Domestic Producers	MT	27500	31760	27138	1300
Domestic Demand	MT	107432	111935	107585	88633
Share in Demand					
Domestic Industry	%	61.54	58.52	63.44	84.84
Other Domestic Producers	%	25.60	28.37	25.23	1.46
Subject Countries	%	2.06	3.56	2.10	5.51
Others country attracting duty	%	8.98	7.34	3.34	1.96%
Others countries	%	1.83	2.21	5.89	6.21%

57. The above data shows that the domestic demand declined by about 18% in the POI compared to the base year. However, imports from subject countries and other countries not attracting ADD increased significantly over the present period, whereas import volume from other countries subject to antidumping duties have declined. The Authority concludes that the market share of imports from subject countries increased over the injury period in spite of antidumping duty being in place. Similarly the market share of the domestic industry also

increased which was at the expense of other domestic producers who have either reduced their production or have exited from the industry as a whole, possibly on account of dumping and consequent injury. Authority further concludes that market share of Indian Producers as a whole however declined, though only marginally.

Production of the Domestic Industry

58. The table given below gives an overview of the installed capacity and production of the domestic industry over injury period thru POI.

	UOM	2003-04	2004-05	2005-06	2006-07
Installed capacity	MT	***	***	***	***
Trend	Index	100	110	110	116
Production	MT	***	***	***	***
Trend	Index	100	108	96	107
Capacity utilization	%	101.06	99.69	88.68	93.19
Trend	Index	100	99	88	92

59. Based upon above data, the Authority concludes that there is about 16% growth in capacity and 7% growth in production of the domestic industry. Capacity utilization of the domestic industry during POI compared to base year 2003-04 has increased by around 7% which is less by around 9% when it comes to increase in the overall capacity during the same period. While capacity and production of the domestic industry increased, the increase in production was less than increase in capacity. Resultantly it can be construed that the capacity utilization declined. Even though the capacity utilization increased in 2006-07, the same was lower than levels already achieved during 2004-05. The Authority also notes that the consumer association of the product complained about insufficient capacities in the Country. However, the verified data shows that the domestic industry could have produced and sold more although there appears to be a slight / marginal gap between demand and production of the domestic industry.

Sales of Domestic Industry

60. Information in the table below was Verified during DI verification.

Particulars	UOM	2003-04	2004-05	2005-06	2006-07
Opening Stock	MT	***	***	***	***
Trend	Index	100	34	95	110
Production	MT	***	***	***	***
Trend	Index	100	108	96	107
Domestic sales	MT	***	***	***	***
Trend	Index	100	99	103	108
Export sales	MT	***	***	***	***
Trend	Index	100	107	42	75

Closing Stock	MT	***	***	***	***
Trend	Index	100	282	328	398

61. Authority has examined domestic and export sales separately. As per above data the Authority concludes that the domestic sales increased by 8% as compared to base year. Whereas, export sales of the domestic industry have declined during the same period although compared to the immediately preceding year 2005-06, there is more than 90% increase in export sales in POI.

Price Effect of the Dumped imports on the Domestic Industry

62. The impact on the prices of the domestic industry on account of the dumped imports from the subject country has been examined by the Authority with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis, the weighted average cost of production, weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the domestic industry have been compared with the landed cost of imports from the subject countries.

Price undercutting and underselling effects

63. Price undercutting has been determined by comparing the weighted average landed value of dumped imports from the subject countries over the entire period of investigation with the weighted average net sales realization of the domestic industry for the same period. For this purpose, landed value of imports has been calculated by adding 1% handling charge and applicable basic customs duty to the value reported in the DGCI&S data of import prices from the subject country.

64. In determining the net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise duty paid have been rebated.

65. For the purpose of price underselling determination the weighted average landed price determined based upon average CIF of cooperating exporter to India for cooperating exporter from Thailand and minimum CIF price of exports to India for non-cooperating exporters from Thailand and DGCI&S price from exports to India from Korea PR has been compared with the Non-injurious selling price of the domestic industry determined for the POI and cost of production for the Injury Period.

Particulars	UOM	Values in Rs/MT			
		2003-04	2004-05	2005-06	2006-07
Cost of sales	Rs./MT	***	***	***	***
Selling Price	Rs./MT	***	***	***	***
Landed Value (Korea)	Rs./MT	***	***	***	***
Landed Value (Cooperating Thailand)	Rs./MT				***
Landed Value (Non-Cooperating Thailand)	Rs./MT				***
Price undercutting (Korea)	Rs./MT				-(***)
Price undercutting (Cooperating)	Rs./MT				***

Thailand)					
Price undercutting (Non-Cooperating Thailand)					***
Price undercutting (Korea)	%				-(1-4%0
Price undercutting (Cooperating Thailand)	%				1-4%
Price undercutting (Non-Cooperating Thailand)					10-15%
Non Injurious Price	Rs./MT				***
Price Underselling (Korea)	Rs./MT				***
Price Underselling (Cooperating Thailand)	Rs./MT				***
Price Underselling (Non-Cooperating Thailand)					***
Price Underselling (Korea)	%				3-8%
Price Underselling (Cooperating Thailand)	%				4-9%
Price Underselling (Non-Cooperating Thailand)	%				15-20%

66. The Authority concludes that the landed value of imports from the subject countries caused significant price underselling, although no undercutting is noticed in case of Korea RP.

Price suppression and depression effects of the dumped imports:

67. The price suppression effects of the dumped imports have also been examined with reference to the cost of production, net sales realization and the landed values from the subject countries. The above data shows that the cost of production of the subject goods have significantly increased compared to the base year as well as the previous year whereas the landed value of imports from subject countries has not increased commensurate to this increase in the cost of production.

Examination of other Injury Parameters

68. Other economic parameters, which could indicate existence of injury to the domestic industry, have been analyzed by the Authority as follows:

Productivity

69. Productivity of the domestic industry has been measured in terms of its labour productivity of the output and Authority concludes that the productivity has improved commensurate to increase in production.

Particulars	2003-04	2004-05	2005-06	2006-07
Productivity per employee	***	***	***	***
Productivity per day	***	***	***	***

Profits, return on capital employed and cash flow

70. Verified information shows as follows

Particulars	Unit	2003-04	2004-05	2005-06	2006-07
Cost of Sales	Rs./MT	***	***	***	***
Trend	Index	100	108	125	138
Selling Price	Rs./MT	***	***	***	***
Trend	Index	100	118	111	132
Profit/Loss	Rs. MT	***	***	(***)	***
Trend	Index	100	303	-133	24
Total Profit/Loss on domestic sales	Rs. Lacs	***	***	(***)	***
Trend	Index	100	300	-137	25
Depreciation	Rs. Lacs	***	***	***	***
Trend	Index	100	98	102	102
Cash Profit/Loss	Rs. Lacs	***	***	(***)	***
Trend	Index	100	184	-0.36	69

71. The Authority concludes that performance of the domestic industry, in terms of profit and loss shows significant improvement till 2004-05, whereas the domestic industry has suffered substantial loss in the 2005-06. The Authority further concludes that even though the domestic industry was able to improve its profitability in the investigation period, the levels of profits realized were quite low. The levels achieved were lower than base year primarily because the selling price of domestic industry has not increased in proportion to the cost of production.

72. Cash profits and return on capital employed showed the same trend as that of profits.

Employment and wages

Particulars	Unit	2003-04	2004-05	2005-06	2006-07
Number of Employee	Nos.	***	***	***	***
Trend	Index	100	102	105	107
Wages	Rs. Lacs	***	***	***	***
Trend	Index	100	103	113	119
Wage per Employee	Rs. Lacs	***	***	***	***
Trend	Index	100	101	107	110

73. The Authority concludes that the employment level and wages do not show any deterioration of the condition of the domestic industry.

Return on Investment and Ability to raise capital

Particulars	UOM	2003-04	2004-05	2005-06	2006-07(POI)
Capital Employed	Rs. Lacs	***	***	***	***
Trend	Index	100	104	106	117
Profit	Rs. Lacs	***	***	(***)	***
Trend	Index	100	300	-137	25
Interest	Rs. Lacs	***	***	***	***
Trend	Index	100	71	66	62
PBIT	Rs. Lacs	***	***	(***)	***
Trend	Index	100	153	-7	49
Return on Capital Employed	%	***	***	(***)	***
Trend	Index	100	146	-6	42

74. The Authority notes that the domestic industry has made capacity addition during the POI and return on capital employed has considerably improved during POI compared to the immediate preceding period, although it is nowhere near the base period 2003-04 or 2004-05.

Factors affecting prices

75. The interested parties have argued that other factors such as inter fibre competition at the spinning industry level and low demand for acrylic fibre in India during the POI, decline in export performance has affected the prices of the subject goods manufactured and sold by the domestic industry. The Authority has examined the change in cost structure if any, competition in the domestic industry and prices of competing substitutes for analyzing the factors other than dumped imports that might be affecting the prices in the domestic market. Authority holds that Acrylic fibre is an economical substitute for wool and has several applications in apparel, household and industrial areas and continues to remain so because the price of the substitute product i.e. wool remains high. However, domestic demand has declined by about 18% during the POI. The Authority also holds that the participating producers of the subject goods account for about 85% of total domestic demand. The Authority further notes that two other producers of the subject goods have already suspended production, though out side the period of investigation.

Inventories

Particulars	Unit	2003-04	2004-05	2005-06	2006-07
Inventories - at the end of period	MT	***	***	***	***
Trend	Index	100	282	328	398
Inventories as % of Production	%	***	***	***	***
Trend	Index	100	261	341	372

76. The inventory level of the domestic industry shows consistent increase over the injury period. However Authority holds that this could partially be because of addition in capacity and higher production levels.

Overall assessment of Injury

77. The above examination by the Authority indicates that whereas the performance of the domestic industry has improved in terms of physical parameters such as capacity, production, capacity utilization and sales, the domestic industry's financial condition has marginally improved only in the POI.

Other Known factors and Causal Link

78. As recorded earlier the exporters and other interested parties have raised several arguments in their written submissions during the course of the investigation which essentially argues that the domestic industry has improved its overall performance and injury if any, has been suffered because of factors other than the dumped imports. The arguments of the interested parties have been examined by the Authority with reference to mandatory factors and other factors that might have affected the condition of the domestic industry as follows:

Volume and prices of imports from other sources

79. During the POI, other than the subject countries, imports have taken place from several other countries including countries against which antidumping duty is in force. The data also shows that imports from countries attracting antidumping duty have declined substantially. Imports from countries not attracting duty have increased. However, the goods have been imported from several countries and volumes of import from individual countries are small and at similar price bands.

Contraction in demand and / or change in pattern of consumption

80. The Authority concludes that domestic demand of the product under consideration has shown a decline of about 18% during the POI. The interested parties have argued that the drop in demand is due to substitution from acrylic fibre to polyester fibre and cotton. However Authority holds that contraction in demand does not seem to have affected the domestic industry in physical parameters in view of the fact that production and sales of the domestic industry and imports from the subject countries have increased during the POI.

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

81. The subject goods are freely importable and there are no trade restrictive practices in the domestic market. The participating domestic industry constitutes majority of the capacity in the country. The Authority concludes that though major proportions of imports from various other sources are attracting antidumping duty, antidumping duty unpaid landed value of imports from these sources is within a very narrow band indicating severe competition between various sources for the domestic market.

Development of technology and export performance

82. The interested parties have argued that the technology and plants of the domestic industry are old and outdated. The Authority holds that world over acrylic fibres is manufactured using either dry technology or wet technology. Out of 5 producers in the

country two producers' use dry technology and three use wet technology to produce the same product. In terms of technological standards and cost of operation there is no significant difference. According to the Domestic Industry, both the technologies have coexisted for more than the history of acrylic fibre dumping in the Country. Domestic Industry have pleaded that IAL has done lot of job in other countries with regard to technology assistance in recent past, which confirms that the dry spun technology continues to be in considered even by new plants. It has been pleaded that the receipt of various awards/recognitions by IAL is showing strong technology back up with the IAL. The other main domestic producer, PAL is also quite strong on scale and technology. None of the exporters or other importers opposing the imposition of duty has contested this with documentary evidence to the contrary. Further the Authority concludes that "developments in technology" is different from "difference in technology". The Rules provide for consideration of "developments in technology", as is evident from the Rules. Therefore, technological difference is not a factor affecting the performance of the domestic industry.

83. The Authority concludes that exports of the product under consideration by the domestic industry have declined substantially from the base year although there is a substantial increase in export sales during POI compared to 2005-06.

Particulars	UOM	2003-04	2004-05	2005-06	2006-07
Export sales		***	***	***	***
Trend	Index	100	107	42	75

84. The interested parties have argued that the exports by the domestic industry are at low prices, which might have caused injury to them. The Authority however holds that the volume of exports is less than 9% of their total sales and the price difference is also not very significant to contribute substantially to the injury of the domestic industry. Moreover, injury to the domestic industry has been assessed on the basis of their domestic performance only and injury, if any, caused due to their export performance has not been attributed to the dumped imports.

Productivity of the Domestic Industry

85. Productivity of the domestic industry in terms of labour output and daily output has shown improvement. Therefore, the Authority holds that productivity is not a factor, which can be attributed to the injury of the domestic industry. In fact domestic industry has tried to reduce its losses in its domestic operation through improvement in productivity.

Magnitude of Injury and injury margin

86. The non-injurious price of the subject goods, determined by the Authority for the domestic industry taking into account the cost data of the domestic industry, has been compared with the landed value of imports from the subject countries for determination of the injury margin, which works out as follows:

Injury Margins	UOM	Thai Acrylic	Other exporters from Thailand	Korea RP
CIF Price	Rs./MT	***	***	***

Landed Value	Rs./MT	***	***	***
NIP	Rs./MT	***	***	***
Injury Margin	Rs./MT	***	***	***
Injury Margin	US\$/MT	***	***	***
Injury Margin %	%	5.02	17.25	4.13

Likelihood of continuation or recurrence of injury

Submissions of the Domestic Industry

87. The domestic industry submitted as under in support of its claim of likelihood of continuation or recurrence of dumping and injury.

- (a) The exports have continued at dumping prices.
- (b) The volume of exports has increased over the injury period.
- (c) The volume of imports from subject countries are likely to increase in the event of revocation of ADD for the following reasons –
 - i) The volume of exports from Thailand to world countries increased upto 2006, but declined in 2007, due to decline in their exports to Chinese markets.
 - ii) China has enhanced capacity for production of acrylic fibre. Consequently, TAF is faced with decline in its export volumes to China and is now looking for alternate markets.
 - iii) TAF export price to China are lower than India, domestic and other third countries. Therefore, TAF would be most willing to shift Chinese sales to Indian market.

Submissions made by Thai Acrylic

88. TAF has made following arguments in support of its claim that dumping and injury was unlikely in the event of revocation of ADD.

- i. During the investigation period of the original investigation i.e. April 1995 to September 1995, imports from Thailand were 5496 MT as stated in the preliminary findings of the original investigation. This was before the imposition of measures. After the imposition of measures in 1997, imports from Thailand increased and peaked at 7228 MT during 1998-99. In the next 5 years, i.e. from 1999-00 to 2003-04, volume of imports from Thailand hovered around 2000 MT. In the next 3 years i.e. from 2004-05 to 2006-07, import volumes from Thailand were just about 3000 MT. During POI, it increased to 4389 MT, which was significantly lower than the levels achieved in 1998-99 post-imposition. Market share of the imports from the subject counties have remained constant at about 3%-4% during the injury analysis period for this review. Capacity of Thai Acrylic Fibre Co Ltd in Thailand increased from 82000 MT to 97000 MT and they were operating at full capacity throughout the injury analysis period. The exporter stated that there were no plans to augment additional capacity. The exporter from Thailand has a strong export orientation as may be seen from the table below:

	2005	2006	POR
Total Sales	***	***	***
DOMESTIC MARKET	***	***	***
EXPORT TO INDIA	***	***	***
EXPORTS TO OTHER COUNTRIES	***	***	***
WASTE SALES	***	***	***
DOMESTIC MARKET	4%	3%	20%
EXPORT TO INDIA	33%	22%	4%
EXPORTS TO OTHER COUNTRIES	61%	72%	72%
WASTE SALES	2%	3%	3%

ii. It has been argued that before augmentation of capacity, exports constituted 61% of their total sales. It increased to 72% after augmentation of capacity in 2006. It remained at the same level during POR. It was observed that exports to other countries had always been significant to the exporter and would continue to be a major thrust area. Exports to India were 33% of their total sales in 2005. It came down to 22% during 2006 and further to 4% in POR indicating that the company was not focusing on the exports to India. Further, loss in their share of sales to India was compensated by an increase in domestic sale within Thailand. Their domestic sales in Thailand constituted only 4% during 2005 and 3% during 2006 but it increased to 20% of their total sales during POR.

iii. The average selling prices to India were Baht. *** PMT, *** PMT and ***PMT during 2005, 2006 and POR as tabulated below:

	2005	2006	POR
Domestic Market	***	***	***
Domestic Market (indexed)	100	102	104
Export to India	***	***	***
Export to India (indexed)	100	103	100
Export to Other countries	***	***	***
Export to Other countries (indexed)	100	103	104
Difference export price to India and other countries	5%	5%	1%
Difference between domestic selling prices and export price to India	-1%	-2%	2%

iv. The domestic selling prices in India were lower than the landed values of the exports and price undercutting was negative throughout the injury analysis period.

v. Further it has also been pleaded that domestic industry has recorded significant positive improvements in production, sales, selling prices and profits. There was no price undercutting by the imports from subject countries. The performance of the domestic industry under various injury parameters had been positive and robust. Their ability to raise capital or investments is positive as they have increased their capacity during POR from 85000 MT to 90000 MT.

Examination by the Authority

89 The information provided by TAF and on the spot investigations conducted at their premises has been examined in detail in the section relating to dumping margin. The Authority has relied upon the same information for likelihood of injury determination also.

FINAL FINDINGS:

90. Having regard to the contentions raised, information provided and submissions made by the interested parties at various stages of investigation including submissions made as comments to the disclosure statement, and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current and likely dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:

- i) The subject goods are entering the Indian market at dumped prices and dumping margins of the subject goods imported from Thailand and Korea RP are substantial and above de-minimis.
- ii) The subject goods are likely to enter the Indian market at dumped prices and the likely dumping margins in respect of imports from Thailand and Korea RP is substantial and above de-minimis.
- iii) The subject goods are likely to enter Indian market at dumped prices, should the present measures be withdrawn.
- ii) Even though the domestic industry has improved its performance during the POI, the situation of domestic industry continues to be fragile and dumped imports from subject countries continue to cause a substantial injury to the domestic industry. Further, should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify..

91. Having concluded that the situation of the domestic industry continues to be fragile and there is likelihood of continuation or resumption of dumping and injury on account of imports from Thailand and Korea RP, if the duties are revoked, the Authority is of the opinion that the measure is required to be extended in respect of imports from these countries.

92. Authority, having examined all the submissions made by interested parties, including those made in the form of comments to the Disclosure statement, concludes that the quantum of anti dumping duty in force need not be revised so far as both the subject countries are concerned. Therefore, the Authority considers it necessary and recommends continuation of anti dumping duty on imports of subject goods from Thailand and Korea RP at the rates notified vide final findings Notification No. 26/1/2001-DGAD, dated 06.8.2002 and subsequently notified by the Central Government vide customs notification no. 106/2002 dated 9.10.2002, and extended vide customs notification No.113/2007 dated 16.11.2007.

93. An appeal against the orders 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.

R. Gopalan
Designated Authority