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THE GAZETTE OF INDIA- EXTRAORDINARY**

File No.15/2/2015- DGAD

Government of India

Ministry of Commerce & Industry

Department of Commerce

(Directorate General of Anti-Dumping & Allied Duties)

Jeevan Tara Building, 4th Floor

5, Parliament Street, New Delhi-110001

Dated 12.04. 2016

FINAL FINDINGS

Subject: Sun Set Review (SSR) of the Anti-Dumping Investigation concerning imports of “Polytetrafluoroethylene or PTFE” originating in or exported from Russia

A. BACKGROUND

-The original investigation

1. Whereas, the original anti-dumping investigation concerning imports of “Polytetrafluoroethylene or PTFE” (hereinafter also referred to as the subject goods), originating in or exported from Russia was initiated by the Designated Authority (hereinafter also referred to as the Authority) vide Notification No. 24/1/98- DGAD dated 22nd January, 1999. The preliminary finding was issued by the Authority, recommending imposition of provisional anti-dumping duties on the imports of the subject goods, originating in or exported from Russia vide Notification No. 24/1/98- DGAD dated 9th June, 1999. The provisional duty was imposed by the Central Government on the imports of the subject goods, originating in or exported from Russia vide Notification No. 83/99-Customs dated 30th June, 1999. The final findings notification of the Authority was published vide Notification No. 21/1/1998 dated 13th October, 1999. The definitive anti-dumping duty was imposed by the Central

Government on the imports of the subject goods, originating in or exported from the subject country vide Notification No. 141/99-Customs dated 30th December 1999.

The First Sunset Review

2. Whereas, on the basis of an application filed by Hindustan Fluorocarbons Ltd, the Authority initiated the first sun set review (SSR) investigation vide Notification No. 15/6/2003-DGAD dated 8th October, 2003 and recommended continued imposition of the anti-dumping duties vide Notification No. 15/6/2003-DGAD dated the 7th October, 2004 which was imposed by the central Government vide Notification No.110/ 2004-Customs dated 18th Nov, 2004.

The Second Sunset Review

3. Whereas, on the basis of an application filed by Gujarat Fluorochemicals Ltd, the Authority initiated the second sun set review (SSR) investigation vide Notification No.15/30/2008-DGAD dated 27th February, 2009 and recommended continued imposition of the anti-dumping duties vide Notification No. 15/30/2008-DGAD dated the 26th February, 2010 which was imposed by the central Government vide Notification No.57 /2010-Customs dated 3rd May, 2010.

The Ongoing 3rd Sunset Review

4. Whereas, the present petition was filed by Gujarat Fluorochemicals Ltd. (hereinafter referred to as “Petitioner”) for initiation of the third sunset review and extension of period, modification and enhancement of existing anti-dumping duties on imports of “Polytetrafluoroethylene” (hereinafter referred to as PTFE or subject goods or product under consideration) from Russia (hereinafter referred to as subject country). The Authority initiated the third sun set review investigation vide Notification No. 15/2/2015-DGAD dated 13thApril, 2015.

The other related Anti- Dumping Investigation

5. In addition to the anti-dumping duty on Russia, the subject goods imported from China PR are also attracting anti-dumping duty since the year 2005.

B. PROCEDURE

6. The procedure described below has been followed with regard to the investigation:

- i. The Authority received a duly substantiated Sunset Review application from Gujarat Fluorochemicals Ltd. for review and continuation of the duty in force on imports of PTFE from Russia.
- ii. The petitioner submitted prima facie evidence in this regard requesting for review and continuation of the anti-dumping duty in force.
- iii. The Authority intimated to the Embassy of Russia in New Delhi that it has received a petition from the domestic industry to initiate sunset review investigation against imports of the subject goods originating in or exported from Russia.
- iv. The Authority, on the basis of prima facie evidence submitted by the petitioner to justify initiation of the investigation, initiated sunset review investigation against imports of the subject goods originating in or exported from Russia vide initiation notification dated 13th April 2015.
- v. The Authority sent copy of the initiation notification dated 13th April, 2015 to the embassy of the subject country in India, known exporters from the subject country, known importers and other interested parties, as per the addresses made available by the applicant and requested them to make their views known in writing within 40 days of the initiation notification.
- vi. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassy of Russia in India in accordance with Rule 6(3) of the Rules supra.
- vii. The known interested parties were requested to file questionnaire responses and make their views known in writing within the prescribed time limit. Copies of the letter and questionnaires sent to the exporters were also sent to embassy of the subject country along with a list of known exporters/producers, with a request to advise the exporters/producers from the subject country to respond within the prescribed time.
- viii. The Embassy of Russia in India was informed about the initiation of the sunset review investigation in accordance with Rule 6(2) of the Rules with a request to advise the

exporters/producers from Russia to respond to the questionnaire within prescribed time limit. A copy of the letter and questionnaire sent to the exporters was also sent to the Embassy of Russia along with the names and addresses of the known subject producers/exporters.

ix. The Authority sent exporter's questionnaires to elicit relevant information to the following known producers/exporters in Russia in accordance with Rule 6(4) of the Rules:

- OAO HaloPolymer
- Hrast Ltd.
- Jampack Enterprises Ltd
- Kirovo-Chepetsky Khimichesky

x. In response to the initiation of the subject investigation, only OAO HaloPolymer from the subject country has responded by filing questionnaire response.

xi. The Authority sent Importer's Questionnaires to the following known importers/users/associations of subject goods in India calling for necessary information in accordance with the Rules:

Sr. No.	Importers/ users/ associations	Sr. No.	Importers/users/associations	Sr. No.	Importers/users/ass ociations
1.	Meerut PTFE Products Pvt. Ltd	2.	Mechanical Packing Industries	3.	Poly Flouro Products
4.	Trestar Electronics	5.	Mach Polymers	6.	Hindustan Polymers
7.	Tonk and Associates (P) Ltd.	8.	T & F Insulations Pvt. Ltd	9.	Kanan Polymer
10.	E.I Dupont India Pvt. Ltd	11.	Ghaziabad Flopol Insulations Pvt. Ltd	12.	Tefkot Cable Co.

13.	T & F Insualtions (P) Ltd.	14.	Sanghvi Techno Products	15.	Electro Polymer Pvt. Ltd
16.	Sanghvi Products	17.	Dip Flon Engg. & Co.	18.	Flouro Carbon Seals
19.	U. Goenka & Sons Ltd	20.	Jai Hind Polymers	21.	S. N. Enterprise
22.	Pragati International	23.	Dhwani Polymer Industries	24.	Precision Polymer Industries
25.	Venus Industries	26.	Aflon Engg Corporation	27.	Sarasons Engineering Industries
28.	Supremo Polymer Industries	29.	Packlon Industries	30.	Flouroflon Industries
31.	Guarniflon India Pvt. Ltd	32.	Angana International	33.	Vimal Polymer Industries
34.	Tee Coating Industries	35.	Gaurniflon India Pvt. Ltd	36.	Teflon Polymer Industries
37.	Pragati Plastic Pvt. Ltd	38.	Fluoroplast Industries	39.	Dynamic (GLS) Industries
40.	Automate Industries	41.	Automat Industries	42.	PTFE Rubber Works
43.	Dip Flon Engineering Co.	44.	Sanghvi-Techno Products	45.	Mechanical Seals & Packaging
46.	Plastic Product Engineering Co.	47.	Ganesh Flon	48.	Apex Polymers
49.	Corossion Engineers	50.	GMM Pfaundler Ltd	51.	Modern Industrial Corporation
52.	TFE Coating Industries	53.	Accurate Packing and Seals	54.	J. K. Polymer Industries
55.	Vee Bee Industries	56.	National Fluoromers	57.	Galaxy Thermoplast Pvt.

					Ltd
58.	V. V. Flouro Products	59.	Neo Wires & Allied Products Pvt. Ltd	60.	Moreflon Industries
61.	S. Industries	62.	Trimutri Polymers	63.	Polymers
64.	Kiran Engineering	65.	Igatwin Polymers Pvt. Ltd	66.	Garg Scientific Instruments
67.	Ashish Dies and Moulds	68.	Shradhha Polymer Industries	69.	Shyam Polymers
70.	Flouro-Tech Engineering Pvt. Ltd	71.	Trelleborg Sealing Solutions	72.	Babuji Electronics & Chemicals
73.	Mask Seals Co.	74.	Rollon Bearings Pvt. Ltd	75.	Floucon Polymers Pvt. Ltd
76.	Suflon Industries	77.	Visan Polymers	78.	Flourokraft Pvt. Ltd
79.	Aarathy Engg. Plastics	80.	HIL Polymers	81.	Indofab Engineers
82.	Kedar Polymers	83.	Rasaii Flow Lines	84.	PKN Caps & Polymers Pvt. Ltd
85.	Flouro Enterprises Pvt. Ltd	86.	Florotherm Industry	87.	Karnataka Polymer
88.	Bafna Industrial Stores	89.	Xomox Sansar Ltd.	90.	MIL Industries Ltd
91.	Industrial Spares Manufacturing & Trading Co.	92.	Hindustan Nylons	93.	Poly Fluoro Ltd.
94.	Finer Enterprises Pvt. Ltd	95.	Spareage India Ltd	96.	Siflon Polymers
97.	Three G Fluoropolymers Pvt. Ltd				

- xii. In response to the above notification M/s. MIL Industries Ltd., M/s. Neo Wires & Allied Products Pvt. Ltd, M/s. Rollon Bearings Pvt. Ltd., M/s. Flouro-Tech Engineering Pvt. Ltd and M/s. Trimurti Polymers have filed submissions informing that they are not importing the subject goods from the subject country. The Importer Questionnaire response has been filed by M/s Guarniflon India Pvt. Ltd.(GIPL) stating imports of the subject goods made by them in the POI and past years from the subject country.
- xiii. Exporters, producers and other interested parties who have not responded to the Authority, nor supplied information relevant to this investigation, have been treated as non-cooperating interested parties.
- xiv. The Authority held an oral hearing on 2nd February 2016 to provide an opportunity to the interested parties to present relevant information orally in accordance to Rule 6 (6). The parties presented who presented their views in the oral hearing were advised to file written submissions of the views expressed orally. The Authority has considered submissions received from the parties appropriately. In lieu of the oral hearing on 2nd February, 2016 missed by M/s. GIPL, an opportunity for an oral hearing was provided to M/s. GIPL on 19th February, 2016
- xv. Additional information was sought from the applicant and other interested parties to the extent deemed necessary.
- xvi. Directorate General of Commercial Intelligence and Statistics (DGCI&S) data on details of imports of subject goods for the past three years, including the period of investigation, was relied upon for computation of the volume & value of imports and injury analysis.
- xvii. Optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry. The NIP has been determined by the Authority in terms of the principles laid down under Annexure III to the Anti-Dumping Rules.
- xviii. The period of investigation for the purpose of the present review is October' 2013 – September' 2014 and the injury analysis has been done for the period 2011-12, 2012-13, 2013-14 and Period of Investigation.

- xix. The submissions made by the interested parties during the course of this investigation have been considered by the Authority, wherever found relevant, in this finding.
- xx. Verification to the extent deemed necessary was carried out in respect of the information & data submitted by the domestic industry and also the cooperating importer.
- xxi. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. The Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xxii. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings on the basis of the facts available.
- xxiii. The Disclosure Statement was issued on 31.03.2016 and communications were invited from the recipients of the Disclosure till 05.04.2016. Comments to the disclosure have been appropriately dealt with.
- xxiv. *** represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xxv. The average exchange rate of 1US\$ = Rs 61.65 prevailing during the POI has been adopted by the Authority in this finding.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

Submissions made by the Domestic Industry

7. The following submissions have been made by the domestic industry with regard to scope of the Product under Consideration:

a. The product under consideration in the present sunset review investigations is "Polytetrafluoroethylene" also known as "PTFE" in the market parlance originating in or exported from Russia. PTFE is produced in various grades, such as moulding grade, fine powder, aqueous dispersions and compound grades of filled grades. All grades that were included in the scope of the previous case and current duties are within the scope of the present review. PTFE is primarily used in electrical, electronic, mechanical and chemical industries for its unique characteristics like chemical inertness, electrical and thermal insulation, low coefficient of friction, non-toxic, non-flammable, resistance to radiation, low level of static and dynamic friction and outstanding electrical properties over a wide frequency range.

b. The Polytetrafluoroethylene (PTFE) is classified under subheading no 390461 under Customs Tariff Act and at subheading no. 39046100. Customs classifications are indicative only and, in no way, binding on the scope of the investigations.

c. The goods produced by the domestic industry are like article to the imported product in terms of parameters such as physical & technical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The consumers are using the two interchangeably.

d. The subject goods produced by them and the subject goods imported from the subject country are like article within the meaning of the Anti-Dumping Rules.

Submissions made by the other Interested Parties

8. None of the interested parties have made submissions with regard to scope of the product under consideration.

Examination by the Authority

9. The Authority notes that while various grades of the PUC are manufactured by the domestic industry, the imports from Russia during the POI are of a particular grade (4 RB), undertaken by M/s. GIPL, importer and manufactured by M/s. OAO HaloPolymer the producer. The comparison for 'injury' and 'dumping' assessment is undertaken on a grade to grade basis to ensure an appropriate 'apple to apple' comparison, the Authority notes that the present investigation is a sunset review investigation, and that as none of the interested parties has contested the meaning and scope of the product under

consideration as defined by the Authority for a exclusion/ inclusion of any specific grade, the scope of the product under consideration is kept the same as was considered by the Designated Authority at the time of previous final findings:

Product under Consideration and Like Article

“5. The product under consideration in the present case is "Polytetrafluoroethylene (also referred to as PTFE) originating in or exported from Russia. PTFE is produced in various grades, such as molding grade, fine powder, aqueous dispersion and compound grades of filled grades. All grades that were included in the scope of the previous case and current duties are within the scope of the present review. PTFE is primarily used in electrical, electronic, mechanical and chemical industries for their unique characteristics which are chemical inertness, electrical and thermal insulation, low coefficient of friction, nontoxic, nonflammable, resistance to radiation, low level of static and dynamic friction and outstanding electrical properties over a wide frequency range.

6. The Polytetrafluoroethylene (PTFE) is classified under subheading no 390461 under Customs Tariff Act and at subheading no. 39046100. Customs classifications are indicative only and, in no way, binding on the scope of the investigations.”

10. Anti-dumping duties are in force on imports of PTFE on the basis of recommendations earlier made by the Authority. The Authority notes that the petition is for review and continuation of the Anti-Dumping Duty in force and the issue of like article has been already dealt with in the original investigation.

11. The subject goods fall under Chapter 39 of the Custom Tariff Act under subheading no. 3904.6100. The Customs classification is, however, indicative only and in no way binding on the scope of the investigation and measures.

12. Rule 2(d) with regard to like article provides as under: -

"like article" means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation;

13. The domestic industry has claimed that the subject goods produced by the domestic industry are identical to the product under consideration being imported into

India. The domestic industry has claimed that there is no known difference in petitioner's product and product under consideration exported from the subject countries and the two are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. There is no significant difference in the subject goods produced by the petitioner applicant and those exported from the subject countries and both are technically and commercially substitutable.

14. The Authority holds from the information available on record that the product under consideration produced by the domestic industry is like article to the goods imported from the subject country. Product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. It is further noted that the Designated Authority has examined the issue of product under consideration and like article in the previous investigation, which is relied upon. The goods produced by the domestic industry and imported from the subject country are held as "like article" in terms of the Rules. The two are technically and commercially substitutable. The consumers are using the two interchangeably and are like article within the meaning and scope of Rule 2(d) of the Anti-Dumping Rules.

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

Submissions made by the Domestic Industry

15. The following submissions have been made by the domestic industry with regard to scope of the Domestic Industry and Standing:

a. The petition has been filed by Gujarat Fluorochemicals Ltd. The Petitioner is a major producer of the subject goods in India. There is only one more company, Hindustan Fluorocarbons Ltd., which produces the subject goods. However, the production of the subject goods by the petitioner, GFL constitutes around 98% in domestic production in the investigation period. The petitioner satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD Rules and the standing to file the present petition and the participating companies constitute "Domestic Industry" within the meaning of the Rules.

b. Domestic industry has not imported the subject goods during the POI. Also the domestic industry is not related (either directly or indirectly) to any exporter of product under consideration in the subject country or importer in India.

Submissions by producers/exporters/importers/other interested parties

16. None of the interested parties have made submissions with regard to scope of the Domestic Industry and Standing.

Examination by the Authority

17. Rule 2(b) 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"

18. Authority notes that Gujarat Fluorochemicals Ltd. has not imported the subject goods from the subject country, nor this company is related to an exporter or importer of the subject goods.

19. The Authority notes that the petitioner satisfies the requirement of standing under the Rules and constitutes the domestic industry as the production of the petitioner company constitutes around 98% of Indian production. The Authority, therefore, holds Gujarat Fluorochemicals Ltd. as constituting domestic industry within the meaning of the Rule 2(b) and Rule 5 of the Rules supra.

E. CONFIDENTIALITY

20. The Authority examined the confidentiality claims of the interested parties and on being satisfied with regard to claim on confidentiality, the same has been allowed.

F. MISCELLANEOUS ISSUES

Submissions by producers/exporters/importers/other interested parties

21. The following submissions have been made by the other interested parties with regard to the miscellaneous issues:

a. Guarniflon India Pvt. Ltd. (GIPL) is the major procurer of PTFE from Gujarat Fluorochemicals Ltd. GIPL will be keen to procure PTFE locally if the prices are competitive and the quality reasonable. Price is an important determinant in every business decision, whether in international or domestic industry, especially in the area of commodities like PTFE that are currently witnessing decline in prices.

b. Domestic manufacturer is a multi-product company and accounts for around 98% of the total production of domestic PTFE, Hence, the imposition of ADD seems like manufacturer's concern and also the financial implications may not be solely attributable to the one product.

c. Retention of ADD will impede development of PTFE market in India. ADD is currently USD 3.46 for per unit kg of Russian resin. Cost of procurement is approx. USD 4.50 per kg. Hence, the ADD rate is almost 77% of the actual cost and is difficult to justify.

d. GIPL is not eligible to avail any benefits for deemed exports due to the nature of its transactions. It operates in domestic tariff area. The sales comprise of direct exports and local sales. It has not sold the products to either an SEZ company or to any project that has deemed export status.

e. Between Apr 2013 and Dec 2014, GIPL procured PTFE resin from an associated enterprise Industrial Plastics and Machine. HaloPolymer offered attractive prices but required payment in advance so IPM contracted supplies for itself and for GIPL. HaloPolymer invoiced on IPM and consigned PTFE directly to GIPL. GIPL used to avail credit period from IPM and paid them over 90/180 days. Since March 2015, HaloPolymer has started supplying directly to GIPL and the payments currently are being done within 50 days from the date of the bill of lading.

f. HaloPolymer's plant is a relatively old plant and processing of polymers has stabilized over a period of time. Different batches of their products are consistent in terms of quality. GIPL buys substantial quantities from GFL and have found that there is an inconsistency in quality in different batches of the product from time to time. Also both 4RB and Inoflon 610 are similar in chemical composition but on account of inconsistencies, 4RB is perceived to be a better quality resin. Hence, the price difference

between 4RB and Inoflon 610 should be similar. Most of the GIPL exports are to Europe and USA where customers have found 4RB based products to be extremely satisfactory.

Examination by the Authority

22. The Authority notes that the sole responding importer has also contended that it is the price competitiveness and quality of the goods of the imports of the product that is leading to imports and that price is an important consideration in procurement of goods. The Authority therefore, has examined that if such low priced imports are at dumped prices and are likely to cause injury to the domestic industry, the anti-dumping duty in force may be extended. The Authority for the purpose of comparison has undertaken comparison between comparable grades of the PUC.

G.NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

Normal Value

Submissions made by the Domestic Industry

23. The following submissions have been made by the domestic industry in this regard:

a. Efforts were made to get evidence of price of product concerned in the domestic markets of Russia. Efforts were also made to get any evidence of price from published sources. But there is no publication which provides prices of the product under consideration in Russia. The product prices are not publicly available.

b. The prices are transacted between the producer and consumers and therefore the same are not in public domain. Thus, no reasonable, authentic and accurate information could be obtained from published sources about the actual transaction-selling price of PTFE in the domestic markets of Russia. The normal value has therefore been determined on the basis of estimates of cost of production, adjusted for selling, general & administrative expenses and profit.

Submissions made by exporters, importers and other interested parties

24. The following submission has been made by the interested party in this regard:

a. HaloPolymer has given details of pricing at ex-factory level which could have been relied upon by the domestic industry for the determination of normal value. Further, domestic industry has taken into consideration the CIF value of the imported goods and hence freight and other margins must be knocked off. However, it is standard to accept the CIF value for landed cost approximation and FOB value is not calculated in each instance of determination.

Examination of the Authority

25. 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.

Normal Value of all producers/exporters in Russia (including M/s. OAO HaloPolymer).

M/s. OAO HaloPolymer has submitted the questionnaire response as a producer of subject goods but its associated exporter i.e. M/s. Industrial Plastics USA has not filed any questionnaire response. The producer has provided details of the grade/grades of the subject goods exported to India during POI and the Cost of production of the same. There are reportedly no domestic sales of the said grade in Russia. The Authority has therefore correlated the claim on cost of production by the above producer with the claims made by the Domestic Industry and construct the normal value. The cost of production provided by the producer captures all costs and by adopting the cost of production along with 5% profit on the cost of production claimed, the Normal Value of the Subject goods is computed as *** \$/MT. As none other producers have responded and also that all exports of subject goods to India during the POI are of the same producer, the above stated computed Normal Value is adopted for all producers/exporters from Russia.

Export price for all producers-exporters from Russia

26. Based on the information furnished in the exporter questionnaire responses, the Authority notes that during the POI, M/s. OAO HaloPolymer exported a total quantity of ***MT of subject goods produced at OAO Kirovo-Chepetky Chemical Plant, to India for a total value of US\$ ***.

M/s. GIPL has also provided questionnaire response informing that 120 MT of the subject goods manufactured by M/s. M/s. OAO HaloPolymer were imported by them in POI and rest later outside POI. However, the date of clearance of balance imports when correlated with DGCI&S data are found within the POI. The Authority has therefore correlated the data specifically with reference to the DGCI&S data and noted that as per DGCI&S data the total imports made correlate with the Producer's data and therefore holds that DGCI&S data along with the adjustments claimed by the domestic industry as also compared with the data provided by the producer for evaluation the ex-factory export price.

27. The Authority has determined the Ex-Factory Export Price in respect of all producers/exporter of subject goods produced in Russia as per the DGCI&S data on imports during the POI as stated above. The quantity and CIF price as per DGCI&S is considered as are 171.6 MT and ***/MT. The adjustments on ocean freight, ocean insurance @ 0.5 % of CIF, inland freight @ 1 % of FOB, Commission @ 2 % of FOB, Port expenses @ 0.5% of FOB, and Bank charges @ 0.2 % of FOB to an extent of ***/MT, ***/MT, ***/MT, ***/MT, ***/MT and *** \$/MT respectively have been considered. Accordingly, after making the due adjustments, the weighted average net export price at ex-factory level in respect of all exporters of subject goods manufactured in Russia, is determined as US\$ *** per MT.

Dumping Margin

28. Considering the normal value and export price as determined above, the dumping margin is as follows:

Particulars	Unit	All Producers/ exporters in Russia
Normal Value	US\$ per/ MT	***
Export Price	US\$ per/ MT	***
Dumping Margin	US\$ per/ MT	***
Dumping Margin	%	***
Dumping Margin	% Range	100-150

ASSESSMENT OF INJURY, CAUSAL LINK AND LIKELIHOOD OF CONTINUATION OF

INJURY

H.METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF INJURY AND CAUSAL LINK

Submissions made by the domestic industry

29. The following submissions have been made by the domestic industry in this regard:

a. Demand or apparent consumption of the product in India has been defined as the sum of domestic sales and imports from all sources. Exports made by the Indian Producer have been excluded from the computation in order to ascertain apparent consumption.

The demand so assessed shows that demand for the product under consideration over the injury period has increased throughout the injury period.

b. The import volume of Russia has been quite significant throughout the present injury period.

c. Imports of the product under consideration from subject country have once again increased in absolute terms in recent period.

d. The demand/apparent consumption of the subject goods has increased over the injury period

e. There is increase in imports is despite anti-dumping duty earlier imposed. Under the circumstances and given positive price difference, cessation of anti-dumping duty shall imply significant increase in imports.

f. The imports of the product under consideration have increased over the injury period. Further, the imports in absolute terms are quite significant.

g. The factors relevant to likelihood of dumping are relevant to the likelihood of injury as well in the present case and the same are relied upon.

h. Imports made into the domestic market have been made at dumped prices despite imposition of anti-dumping duty.

i. Producers from subject country have significant capacity which establishes that in the event of revocation of duties, exports to India will intensify.

j. The exporters from subject country are exporting the product under consideration to third country at dumped prices.

k. Both dumping margin and injury margin in case of exports from Russia to third countries is positive.

l. Both dumping margin and injury margin in the current POI are positive and significant in case of subject country.

m. The price undercutting without prevailing anti-dumping duties is positive.

n. The import prices are materially below selling price of the domestic industry. The consumers would therefore switch to imported product in the event of cessation of anti-dumping duty which will lead to significant increase in imports of the product.

o. The domestic industry is already suffering price depression due to dumped import prices which are even below cost of sales of the domestic industry. In case of cessation of anti-dumping duty, the domestic industry shall have to reduce their selling price further to compete with dumped imports, driving it even below the cost of sales; leading to severe price injury.

p. The anti-dumping duty in various investigations concerning PTFE are:

- i. First/original case - Rs. 5.20 per kg
- ii. First SSR- US\$ 12.66 per kg. benchmark form
- iii. Second SSR - US\$ 3.42 per kg.

q. The quantum of anti-dumping duty in the first case was quite low, thus, resulting in continued de-facto no protection to the domestic industry. Further, in the first sunset review, the duty was on benchmark basis and therefore remained redundant for full period of duty. Thus, out of 15 years, 10 years was a period of redundant protection and it was only for last 5 years that domestic industry has been protected. Also, in the facts pertaining to present case, there is a clear evidence of likelihood of continuation or recurrence of dumping and injury to the domestic industry in the event of cessation of anti-dumping duty.

r. Further, there have been numerous cases wherein USA has imposed anti-dumping duty and where fourth sunset reviews were scheduled and the anti-dumping duties have been in operation in USA for much longer period.

s. The capacity expansions are not limited to the domestic market. The domestic industry is having significant exports for the PUC. In any case, the domestic industry is not concerned with the imports that are being made in the country, but to the price at which such imports are being made in the Country. There is massive decline in the import price.

t. Exports by Russian exporters constituted 5% of Indian demand, which cannot be considered insignificant at the stage of sunset review. In fact, the volumes are significant enough even in an original investigation. At the stage of sunset review, it is well established legal position that it is not the volume of import, but the price of import that is relevant for the likelihood analysis.

u. The domestic industry has segregated its injury in domestic and exports. The claimed injury is with regard to performance.

Submissions made by the exporters, importers and Other Interested Parties

30. Following are the submissions made by the other interested parties in this regard:

a. The present investigation was originally initiated in 1999. Three SSRs have been initiated since then and the anti-dumping duty on the subject goods continues. But, the domestic industry is yet not able to revive, whereas the imports from subject country has decreased from 334(MT) in the year 1999 to 172(MT) in the year 2015 which shows that Russian exporters do not have any interest in India market and hence there no justification for levy of ADD again.

b. As per the technical production literature, the grade RB 4 of the imported subject goods is a final/ finished general purpose compound. Matching equivalent grade produced by the domestic industry is 610. Both these grades are utilized by M/s Guarniflon India Pvt. Ltd., the only importer of the subject goods from the subject country in the POI in the manufacturing of similar intermediate products. The Authority for the purpose of evaluating injury margin compares NIP of the equivalent grade of Domestic Industry with the landed value of imported grade.

c. Domestic Industry started its commercial production in 2008-09 with a capacity of 8000 (MT). Further, they increased the capacity to 12000(MT) and then to 16000(MT). Such increase in capacity was not warranted, as demand in India is only 3000-3500(MT). In order to run at full capacity, the Domestic Industry must export around 13000 MT, even if they get all domestic sales which is not possible because of global recession in demand. Despite the heavy anti-dumping duty on all sources of imports domestic industry continued to suffer because of their excess capacities. Even during 2014-15 domestic industry has increased its production by around 37%.

d. OAO HaloPolymer exported 172 MT (4.5% of domestic demand) of PUC to India during POI which was ***% of domestic industry production. Also, the export was at a very high price.

e. There is a sharp decline in exports performance of the Domestic Industry during period of investigation and the same is the main cause of injury.

f. GIPL submits that the pro-rata increase/decrease should be considered and not the change in imports on absolute terms. Relying on the data submitted by domestic industry, it can be seen that:

- i. import has been insignificant
- ii. pro-rata calculation doesn't yield a clear rising curve, and
- iii. increase in demand is unrelated to alleged imports over the injury period.

g. The year-over-year imports from Russia constitute a negligible portion of the total imports. The year-over-year growth of DI has been positive on volume parameters but negative on price parameters due to disparity in capacity utilization. GIPL's imports from Russia are only for export purposes after processing and so it can't impact the pricing in the local market.

h. The price effect seems to be a result of additional capacity created in domestic industry whereas the optimal utilization is lacking and is resulting into higher per unit cost of production. This also seems to be the reason for inventory piling.

i. There is no causal connection between the alleged dumping and the injury to domestic industry.

31. **Submissions by the trade representation of the Russian Federation in the Republic of India-**

- **There is absence of dumping –**

- Initiation of review in the absence of sufficient and reliable evidence of dumping has features of violation of Articles 5.2 and 5.3 of the Anti-Dumping Agreement.

- While demand increased by 30 index points from 2011 to period of investigation the overall volume of imports remained at the level of 2011.
- The Volume of import of the product from Russia during the period 2013-2014 was significantly lower (by 30-37%) compared with the period of the original investigation.
- The review in respect of the product should be stopped according to the article. 5.8. of the Anti-Dumping Agreement due to lack of sufficient evidence of dumping.

- **There is absence of Injury –**

- There was an increase in sales in India of the Petitioner by 80 index points as well as other Indian producers by 20 index points on the background of maintenance of the volume of imports at the same level.
- The economic indicators of the Indian industry reflect the positive development of the industry.
- Moreover, last years the petitioner made some purchases, acquisitions and investments that confirm its positive development.
- Taking into account the above-mentioned facts the review in respect of the product should be terminated according to the article 5.8. of Anti-Dumping Agreement due to lack of sufficient evidence of damage.

- **There is absence of casual link between import of PTFE from Russia and possible injury of the Indian Industry –**

- Possible injury of Gujarat Fluorochemicals Ltd. doesn't associate with import of PTFE from Russia. In accordance to the Annual Report of the petitioner for 2013-2014 some of the significant threats for PTFE segment include further capacity expansions in China and the impact of such expansion on PTFE prices. Indeed. China influences the world market of PTFE at a large extent, that leads to decrease of its prices.
- Russian producers doesn't have an intension to decrease prices on the Indian market, they don't export with dumping
- On the basis of the requirements of Art. 5.8 of Anti-Dumping Agreement we request to terminate the review due to the absence of evidence of dumped imports from Russia, injury of the petitioner and causal link between imports from Russia and the alleged injury.

Examination by the Authority

32. In the injury analysis, the Authority has addressed various submissions made by the interested parties. The specific submissions made by the interested parties, and considered relevant, are addressed by the Authority as below:

a. As regards submission of the other interested parties concerning existence of anti-dumping duties since long, the Authority notes that the rules require the Authority to consider recommendations for extension of anti-dumping duty so long as the investigation establishes that the dumping and consequent injury to the domestic industry is likely in the event of cessation of anti-dumping duty. The duty can be withdrawn even before expiry of five years, if it is established that dumping and consequent injury to the domestic industry is unlikely. Further the Authority examines whether the injury likelihood and continuance is only on account of dumping or factors other than dumping.

b. As regards submission of the other interested parties concerning the capacity expansion of the domestic industry, the Authority notes that it is not limited to the domestic market only and that the domestic industry is having significant exports of the PUC. The Authority determines the NIP keeping in view the relevant Anti-dumping rules to address the issue of any such nature. Further the Authority notes that it is concerned with the price at which the dumped imports are being undertaken in the Country.

c. As regards submission of the other interested parties concerning the insignificant share of exports by Russian exporters in the Indian demand, the Authority notes that the exports from the Russian constituted 4.5% of Indian demand, are significant at the stage of sunset review and for a likelihood analysis the price of dumped imports and its likely continuance is relevant. In fact, the volume is sufficient even in an original investigation. At the stage of sunset review, rather than the volume of import, the price of import is more relevant for a likelihood analysis.

d. As regards submission of other interested parties concerning decline in export performance of the Domestic Industry during period of investigation, the Authority undertakes injury analysis separately for export and domestic performances. Further to

ensure an apple to apple analysis to strengthen the linkage between dumped imports and its injury/continued injury the Authority adopts grade to grade comparison.

33. In consideration of the various submissions made by the domestic industry in this regard, the Authority has examined 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 country.

34. Article 3.1 of the WTO Agreement 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 dumped imports, either in absolute term or relative to production or consumption in India. 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 India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

35. As regards the impact of the dumped imports on the domestic industry Para (iv) of Annexure-II of the Anti-Dumping Rules states as follows.

“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 margin of dumping actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”

36. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as

production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

37. According to Section 9(A)(5) of the Customs Tariff Act, anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition, provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.

38. The present investigation is a sunset review of anti-dumping duties in force. Rule 23 provides that provisions of Rule 11 shall apply, mutatis mutandis in case of a review as well. The Authority has, therefore, determined injury to the domestic industry considering, mutatis mutandis, the provisions of Rule 11 read with Annexure II. The Authority therefore further examines whether the existing anti-dumping measure is sufficient or not to counteract the dumping which is causing injury.

39. For the purpose of current injury analysis, the Authority has examined the volume and price effects of dumped imports of the subject goods 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 has examined injury to the domestic industry by considering information relating to Gujarat Fluorochemicals Ltd. Accordingly, the volume and price effect of dumped imports are examined as follows: -

I. Volume Effect of Dumped

Imports volumes and market share in imports

a) Assessment of Demand/Apparent Consumption

40. The Authority holds that for the purpose of the present investigation, demand or apparent consumption of the product in India has been defined as the sum of domestic sales and imports from all sources. Exports made by the Indian Producer are excluded

from the computation in order to ascertain apparent consumption. The demand so assessed is given in the table below:

Particulars	Units	2011-12	2012-13	2013-14	POI
Demand					
Sales of Domestic Industry	MT	***	***	***	***
Sales of Other Indian Producers	MT	***	***	***	***
Imports from Subject country - Russia	MT	8	7	104	171
Imports from Other Country attracting ADD - China PR	MT	891	897	1,171	1,136
Imports from other countries	MT	964	1,080	976	764
Total Demand	MT	3,269	3,852	4,286	4,510

41. The Authority notes that the aforesaid demand so assessed indicates that demand for the product under consideration over the injury period has increased throughout the injury period and decline in demand as a cause of injury to domestic industry may not be a factor of injury.

b) Import volume & market share

42. With regard to volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports either in absolute terms or relative to production or consumption in India. Annexure II (ii) of the anti-dumping rules provides as under:

“While examining the volume of dumped imports, the said Authority shall consider whether there has been significant increase in the dumped imports either in absolute terms or relative in production or consumption in India”

43. The import volumes for the injury period, considering the transaction wise data provided by DGCI&S are as under:

Particulars	Units	2011-12	2012-13	2013-14	POI
Market share in Demand					
Sales of Domestic Industry	%	***	***	***	***
Sales of Other Indian Producers	%	***	***	***	***
Imports from Subject country – Russia	%	0.24	0.18	2.43	3.79
Imports from Other Country attracting ADD - China PR	%	27.26	23.29	27.32	25.19
Imports from other countries	%	29.49	28.04	22.77	16.94

From the above information, the Authority holds that the import volume of Russia have been quite noticeable throughout the present injury period. Further, it is also noted that imports of the product under consideration from subject country have also increased in absolute terms in recent period. The demand/apparent consumption of the subject goods has increased over the injury period. It is noted that the imports have been made under the advance license route. Even though the imports are under the advance license route the Authority considers this as an opportunity loss of possible sales of Domestic Industry who could have sold an equivalent grade of subject goods to the importer.

c) Market Share in Demand

44. The Authority holds that the market share of the domestic industry has increased over the injury period from 38.61 % in 2011-12 to 50 % in POI. The market share of Russian imports has also increased over the injury period being 0.24 % in 2011-12 to 3.79 % in POI.

Particulars	Units	2011-12	2012-13	2013-14	POI
Sales of Domestic Industry	%	***	***	***	***
Sales of Other Indian Producers	%	***	***	***	***
Imports from Subject country - Russia	%	0.24	0.18	2.43	3.79
Imports from Other Country attracting ADD - China PR	%	27.26	23.29	27.32	25.19
Imports from other countries	%	29.49	28.04	22.77	16.94

J. Price Effect

a) Price effect of dumped imports and impact on domestic industry

45. The impact on the prices of the domestic industry on account of imports of the subject goods from the subject country have been examined with reference to price undercutting, price underselling, price suppression and price depression. For the purpose of this analysis, the cost of sales, net sales realization (NSR) and the non-injurious price (NIP) of the subject goods manufactured by the domestic industry have been compared with landed value of imports from the subject country for equivalent grades to ensure an apple to apple comparison. A comparison for subject goods during the period of investigation was made between the landed value of the dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, rebates, discounts and commission incurred by the domestic industry have been adjusted. The price underselling is an important indicator of assessment of injury; thus, the Authority has worked out a non-injurious price and compared the same with the landed value to arrive at the extent of price underselling. The non-injurious price has been considered for the domestic industry in terms of Annexure III of the Anti-Dumping Rules is provided on a confidential basis to the domestic industry as in Annexure IV A.

Price undercutting

46. Price undercutting has been assessed by comparing the import price with the domestic selling price in India of the subject goods during the period of investigation. It would be seen that the landed price of imports is lower than the selling price of the domestic industry. The Authority has undertaken price undercutting analysis as below:

Particulars	Unit	2011-12	2012-13	2013-14	POI
Landed value without ADD	Rs./Kg	1,154.72	657.56	406.63	419.33
Net Selling Price (WA)	Rs./Kg	***	***	***	***
Net Selling Price (CG)	***	***	***	***	***
Price undercutting without ADD (WA)	Rs./Kg	***	***	***	***
Price undercutting without ADD (CG)	Rs./Kg	***	***	***	***
Price undercutting without ADD (WA)	%	***	***	***	***
Price undercutting without ADD (WA)	% Range	Negative	0-10	25-35	20-30
Price undercutting without ADD (CG)	%	***	***	***	***

Price undercutting without ADD (CG)	% Range	Negative	Negative	10-20	10-20
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WA: Weighted average

CG: Comparable goods

47. The Authority notes that the landed price of imports (after including basic customs duties) from the subject country have been below the weighted average subject goods selling prices and comparable grade selling price provided by the domestic industry during POI and 2013-14, thus resulting in price undercutting.

Price suppression/depression

48. The price suppression and price depression effect of the dumped imports has also been examined with reference to the cost of sales, as compared with net sales realization and the landed values of the subject goods from the subject country in relation to injury period including POI.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Landed Value	Rs./Kg	1154.72	657.76	406.63	419.33
<i>Trend</i>	<i>Indexed</i>	100	57	35	36
Cost of Sales (WA)	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	105	104	103
Cost of Sales (CG)	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	105	104	103
Selling price (WA)	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	69	57	56
Selling price (CG)	Rs./Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	59	51	50

49. The Authority notes that the landed price of imports has continuously declined over the injury period though cost of sales of the domestic industry remained more or less static with somewhat marginal increase. On the other hand, selling price of both comparable grade and overall weighted average of all grades has continuously declined in tandem with the landed value in order to protect market share. Therefore, the increase in cost of sales could not be passed on to the users as the selling price of the domestic industry remained depressed.

50. The Authority further notes that the imports have led to depressing and suppressing effect on the prices of the domestic industry in the market. Whereas the cost of production has increased over the injury period, the selling prices have significantly declined. The Authority also notes that the domestic producer had attained super profits during POI.

K. Examination of Economic Parameters relating to Domestic Industry

51. Annexure II to the Antidumping Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. 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. The various injury parameters relating to the domestic industry are discussed below.

a) Production, Capacity, Capacity utilization, Sales

52. Performance of the domestic industry with regard to Production, Capacity, Capacity utilization and Sales are as follows:

Particulars	Unit	2011-12	2012-13	2013-14	POI
Capacity (in terms of TFE)	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>100</i>	<i>135</i>	<i>135</i>
Production (TFE)	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>77</i>	<i>88</i>	<i>110</i>
Capacity Utilization	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>77</i>	<i>65</i>	<i>82</i>
Domestic Sales (All Grades)	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>136</i>	<i>147</i>	<i>179</i>

53. From the above, the Authority notes that the production of the domestic industry declined in 2012-13 and increased thereafter. Also, the capacity utilization of domestic industry declined till 2013-14, but increased thereafter. Therefore, production and capacity utilization, the dumped imports have not made any adverse impact during POI on an end to end analysis. The Authority also notes that the company had expanded its capacity mainly to cater to the export demand and the under-utilization of capacity is mainly attributable to depressed global demand for the PUC.

b) Market Share

54. The Authority notes that the market share of the domestic industry has increased over the injury period as so as the market share of imports over the injury period.

Particulars	Units	2011-12	2012-13	2013-14	POI
Sales of Domestic Industry	%	***	***	***	***
Sales of	%	***	***	***	***

Other Indian Producers					
Imports from Subject country – Russia	%	0.24	0.18	2.43	3.79
Imports from Other Country attracting ADD - China PR	%	27.26	23.29	27.32	25.19
Imports from other countries	%	29.49	28.04	22.77	16.94

a) Profits, return on investment and cash flow

55. Performance of the domestic industry in respect of the above parameters is summarized as follows:

For the comparable Grade

Particulars	Unit	2011-12	2012-13	2013-14	POI
Cost of Sales	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>105</i>	<i>104</i>	<i>103</i>
Selling price	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>59</i>	<i>51</i>	<i>50</i>
Profit/(Loss)	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>26</i>	<i>14</i>	<i>13</i>
Profit/Loss	Rs.Lacs	***	***	***	***

<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>31</i>	<i>15</i>	<i>18</i>
Cash Profit	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>33</i>	<i>16</i>	<i>20</i>
Return on Capital Employed	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>27</i>	<i>14</i>	<i>18</i>

Composite for all Grades

Particulars	Unit	2011-12	2012-13	2013-14	POI
Cost of Sales	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>129</i>	<i>131</i>	<i>127</i>
Selling price	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>70</i>	<i>58</i>	<i>57</i>
Profit/(Loss)	Rs/Kg	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>28</i>	<i>6</i>	<i>7</i>
Profit/Loss	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>69</i>	<i>15</i>	<i>23</i>
Cash Profit	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>79</i>	<i>25</i>	<i>34</i>
Return on Capital Employed	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>5</i>	<i>1</i>	<i>2</i>

56. On the basis of the above, the Authority notes that the company earned super profits during base year since the ROI was above 100% which gradually declined over the injury period, though it remained moderately good for the comparable grade. The composite profitability for all grades deteriorated though it remained positive throughout the injury period. The reasons for earning super profit in the base year 2010-11 has been stated in the Annual Report of the company that due to shortage of the PUC in the

international market its volume and prices surged significantly both in the export market and domestic market.

57. The Authority further notes that the domestic industry faced decline in profits with respect to domestic sales in view of decline in import price of the product under consideration. With dumped imports entering the Indian market, the domestic industry, in order to sustain in the market, has to sell the goods at lower prices. The domestic industry is thus prevented from raising its prices. In fact, while costs increased, selling prices declined. It is also noted that the return on investment and cash profits have followed a trend almost the same as that of profits. Return on investment and cash profits have also deteriorated during this period. However the Authority notes that during base year, the domestic industry earned super profits.

b) Inventories

58. From the information given below all grades of PUC, the Authority notes that inventory with the domestic industry have been increasing.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Average Stock	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>189</i>	<i>177</i>	<i>202</i>

c) Employment, Productivity and Wages

59. From the information given below for all grades of PUC, the Authority holds that employment with the domestic industry has remained almost at similar levels.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Employment	Nos.	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>110</i>	<i>92</i>	<i>100</i>
Salary & Wages	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>110</i>	<i>36</i>	<i>37</i>

d) Growth

60. Information with respect to growth of various parameters is as follows:

Growth	Unit	2011-12	2012-13	2013-14	POI
In Production (Gross without TFE)	%	-	(32)	7	23
In Domestic Sales Volume	%	-	36	8	22
In Selling price domestic	%	-	(31)	(17)	(1)
In Cost of sales domestic	%	-	12	2	(3)
In Average stock	%	-	89.06	(6.45)	13.95

61. The Authority notes that the growth indices of the Domestic Industry have shown variation, being positive in volume parameters and negative in price parameters.

e) Ability to raise capital investments

62. The Authority holds that according to the information furnished by the petitioner company, the domestic industry is already holding sufficient capacity, and that fresh investments are not being envisaged in future.

f) Level of dumping & dumping margin

63. The Authority holds that the dumping margin from subject country is far more than de-minimus rather quite substantial. The impact of dumping on the domestic industry is also witnessed in terms of price undercutting.

L. Causal Link

64. As per the AD Rules, the Authority is, inter alia, required to examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export

performance and the productivity of the domestic industry. It was examined whether these other parameters listed under the Rules could have contributed to injury to the domestic industry. This being the 3rd Sunset Review, the Authority finds it appropriate to re-establish the causal link between dumped imports and injury. It is found that:

- i. **Volume and price of imports from other countries** - The imports of product under consideration from subject country and China are attracting anti-dumping duty. Third country imports are primarily from USA and EU, are at significantly higher prices.
- ii. **Demand of the product** – The Demand for the product under consideration has shown positive trend. Since there is no contraction in demand, possible decline in demand cannot be considered as a reason of injury to the Domestic Industry.
- iii. **Changes in the pattern of consumption:** - The pattern of consumption with regard to the product under consideration has not undergone any change.
- iv. **Trade restrictive practices of and competition between the foreign and domestic producers:** - There is no trade restrictive practice, which could contribute to the injury to the domestic industry. However, the Authority notes that domestic industry is a dominant market player in domestic market and commands *** of global capacity for PUC.
- v. **Developments in technology:** - Technology for production of the product has not undergone any change. Developments in technology are, therefore, not a factor of injury.
- vi. **Export performance:** - The claimed injury to the domestic industry is on account of domestic operations. In any case, the petitioner has provided costing and injury information for domestic sales separately. Hence, claimed injury to domestic industry cannot be attributed to exports.
- vii. **Performance of other products produced and sold by the domestic industry:** - Information provided in this petition contains information with regard to subject goods only.

Magnitude of Injury and Injury Margin

65. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority has been compared with the landed value of the

exports from the subject country for determination of injury margin during POI. For the purpose of apple to apple comparison, the Authority has compared the grade imported in the country i.e. 4 RB. from the subject country with the virgin granular grade i.e. 610 of the domestic industry used for general moulding applications. Injury margin has been accordingly determined considering the same grade and time period. The injury margin on the basis of weighted average for the aforesaid grade shows as follows.

Particulars	Unit	Amount
Non Injurious Price	US\$ per MT	***
Landed Price	US\$ per MT	***
Injury Margin	US\$ per MT	***
Injury Margin	%	***
Injury Margin	% Range	10-15

66. From the aforesaid, the Authority holds that during the POI, the injury margin in respect of imports of PUC of the aforesaid grade manufactured by all producers/exporters from Russia is positive.

Material Injury

67. The Authority notes that imports from the subject country have increased and have remained noticeable despite anti-dumping duty, both in absolute terms and in relation to production/consumption in India. Landed price of imports are below the selling price of the domestic industry. Imports are undercutting the prices of the domestic industry in the market. The imports are depressing and suppressing the prices of the domestic industry in the market. There is decline in the import prices over the years and resultantly, the performance of the domestic industry declined in terms of profits, return on investments, cash flow and inventories as compared to the base year. However during POI, ROI is almost near to the reasonable return allowed as per NIP rules. The material injury is evaluated and qualified for the grade equivalent to the grade imported in the country.

M. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY

Submissions by the Domestic Industry

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

- i. The factors relevant to likelihood of dumping are relevant to the likelihood of injury as well in the present case and the same are relied upon.
- ii. Imports made into the domestic market have been made at dumped prices despite imposition of anti-dumping duty.
- iii. Producers from subject country with significant disposable capacity *** with low domestic demand and an export intensity more than 90% of their production establishes that in the event of revocation of duties, exports to India may intensify.
- iv. The exporters from subject country are exporting the product under consideration to third country also at dumped prices.
- v. Both dumping margin and injury margin in case of exports from Russia to third countries is also positive.
- vi. Both dumping margin and injury margin in the current POI are positive and high in case of subject country.
- vii. The price undercutting without prevailing anti-dumping duties is positive.
- viii. The import prices are materially below selling price of the domestic industry. The consumers may therefore switch to imported product in the event of cessation of anti-dumping duty which may lead to increase in imports of the product.
- ix. The domestic industry is already suffering price depression due to dumped import prices which are even below cost of sales of the domestic industry. In case of cessation of anti-dumping duty, the domestic industry may have to reduce their selling price to compete with dumped imports, driving it even below the cost of sales; leading to price injury.

Submissions made by the exporters, importers and Other Interested Parties

69. M/s. GIPL has stated that in case of cessation of anti dumping duty, the local market won't be flooded with Russian imports because there are limited users of PTFE in domestic industry.

Examination by the Authority

70. The present investigation is a sunset review of anti-dumping duty imposed on the imports of subject goods from Russia. Under the Rules, the Authority is required to determine whether continued imposition of antidumping duty is warranted. The Authority has examined that the duty imposed has served the intended purpose of eliminating the injurious effect of dumping as imposition of anti- dumping duty in the period of investigation requested in NSR is higher than NIP.

71. The Authority notes that in the present investigation, there is continued dumping of the subject goods from Russia causing continued injury to the domestic industry, which indicates likelihood of dumping and injury from these subject country. In view of the above position and due to favorable market conditions prevailing in the Indian market as far as demand and price for the subject goods are concerned, the Authority holds that in the event of revocation/cessation of anti-dumping duties, dumping may increase from Russia. The following analysis has been undertaken on likelihood of continuation/ intensification of dumping and injury to the domestic industry in the event of revocation of anti-dumping duties.

The Authority notes that M/s OAO HaloPolymer, Russian Federation, a responding producer/ exporter is the sole producer of the subject goods in the POI whose *** of the production is exported and only *** is sold in the domestic market. Therefore, in view of low domestic demand of PTFE in Russia and consequent high export intensity coupled with positive dumping and injury margin is a strong indicator of continued dumping and injury in the event of withdrawal of existing anti dumping duty.

I. Dumping Margin determined in previous investigations

72. The Authority has conducted three investigations in respect of Russia. All the investigations have established existence of significant dumping. The dumping margin

determined for the current investigation period is also substantial. This establishes that dumping is likely to continue in the event of cessation of anti-dumping duty. The dumping margin with respect to the subject country in the previous investigations was also substantial.

II. Volume of imports between original period and subsequent periods

73. An analysis of the volume of exports reported in the previous cases as well as in the current period shows that the volume of imports in case of subject country has remained significant despite imposition of anti-dumping duty. There appears to be a strong probability that the volume would increase in the event of revocation of anti-dumping duty. The Authority notes that despite high ROI in the POI with since imports are at a noticeable level in POI holds that cessation of anti- dumping duty will create a margin for infliction of injury to an extent of injury margin as determined during the POI.

III. Freely disposable present and potential capacities and export tendencies of foreign producers

74. The Authority notes that the subject foreign producers are holding huge surplus production capacity, of almost *** MT (***)

IV. Price attractiveness of the Indian market

75. The Authority notes that the prices at which subject goods are being imported are lower than the price at which the goods are being sold in the Indian market. Therefore, in case of expiry of anti- dumping duty, exports from subject country would further channelize their output in the Indian market in view of the significant capacity with them. This indicates likelihood of possible injury to the domestic industry as imports from subject country are likely to undercut the prices of the Domestic Industry in the event of cessation of anti-dumping duty and force the Domestic Industry to reduce its prices further.

V. Vulnerability of Domestic Industry in terms of price sensitivity of the product and the Indian market

76. The Authority notes that the Indian market is quite price sensitive. The consumers decide their procurement, with price being one of the important considerations. The responding importer has also submitted that price is an important parameter in procurement of goods. The import of low price imports and consequential

price under cutting on prices of domestic procurement of subject goods by the cooperating importer is also noted. Therefore, availability of low priced imports from the subject country in the market could cause an adverse impact on the domestic industry. The continued long term dumping practice by the subject country, the facts of the present case, and considering the above discussed current dumping and injury and likelihood of dumping and injury parameters, it is felt that the dumping and consequent injury to the domestic industry is likely to continue and may increase in the event of cessation of anti-dumping duty.

77. The Authority also notes that in the instant case, intensified dumping of the product under consideration has caused injury to the domestic industry. The current import volumes and a huge dumping margin from the subject country, enhances possibility that expiry of anti- dumping duty may result in intensified dumping of subject goods from the subject country in the Indian market given the fact that subject country holds capacities beyond domestic demand. It is also noted that present anti-dumping duties are acting as a restraint, cessation of which may lead to the Indian market being catered by increased imports of the subject goods manufactured by the producers of subject country.

VI. Price undercutting in the absence of measures

78. The Authority notes that the dumped imports from subject country would cause price undercutting in the absence of anti-dumping duty and if the present anti-dumping duty be ceased, there is a likelihood that price undercutting may deepen.

79. The injury analysis made by the Authority by and large addresses the various submissions made by the interested parties. However, the specific submissions made by the interested parties, and considered relevant, are addressed by the Authority as below:

a. As regards submission of the other interested parties concerning the existence of anti-dumping duties since long, the Authority notes that the quantum of anti-dumping duty in the in earlier investigations were limited only to injury redressal due to dumping in accordance with the lesser duty rule.

b. The Authority further notes that it has considered and recommended extension of anti-dumping duty in sunset reviews in the past wherever the domestic industry concerned

made application and justified the same. In the facts pertaining to the present case, the Authority holds that there is an evidence of likelihood of continuation or recurrence of dumping and injury to the domestic industry in the event of cessation of anti-dumping duty. The Authority further notes that there have been numerous cases globally, especially USA which has imposed anti-dumping duty and where fourth sunset reviews were scheduled and the anti-dumping duties have been in operation in USA for much longer period. The quantum of dumping and injury evaluated in the present SSR is based on verified data and a methodology at a fair level of comparison.

c. As regards submission of the other interested parties concerning the capacity expansion of the domestic industry, the Authority notes that it is not limited to the domestic market only. As submitted by Gujarat Fluorochemicals Ltd., the domestic industry is having significant exports for the PUC. The Authority also notes that it is concerned with the price at which the dumped imports in the Country.

d. As regards submission of the other interested parties concerning the insignificant share (4.5% of domestic demand) of exports by Russian exporters in the Indian demand, the Authority notes that the exports from the Russian at about 5% of Indian demand at the stage of sunset review is significant enough. At the stage of sunset review, it is not the volume of import, but the price of import that is relevant for the likelihood analysis.

e. As regards submission of the other interested parties concerning decline in exports performance of the Domestic Industry during period of investigation, the Authority has examined the injury exclusively for domestic sales.

N. Comments of Various interested parties to the Disclosure Statement

80. Product under consideration, like article and Domestic Industry standing-

Domestic industry reiterates all the fact, contentions, averment and statements presented in the previous submissions filed before the Designated Authority and requests that such submissions be deemed to be incorporated herein. Domestic industry has following submissions.

➤ The scope of the product under consideration continues to be the same as was considered by the Designated Authority in the original investigation. However, with

regard to the methodology of comparison of different types of the product under consideration, the Authority has undertaken a comparison on grade to grade basis.

- The production of Gujarat Fluorochemicals Ltd, the petitioner, constitutes a major proportion in the Indian production, the Authority has therefore considered Gujarat Fluorochemicals Ltd. as the domestic industry herein.
- The petitioner constitutes domestic industry within the meaning of the term as per the AD Rules.

81. **Dumping**

- While determining the normal value for all producers/exporters in Russia, the Authority correlates the claim on cost of production by OAO HaloPolymer with the claims made by the domestic industry and construct the normal value. The cost of production provided by the producer captures all costs and by adopting the cost of production along with 5% profit on the cost of production claimed.
- The product under consideration continues to enter the Indian market, from Russia, at dumped prices. Further, the dumping margin from subject country is far more than de-minimus rather quite substantial.
- As per evidence of dumping, the submissions of the Directorate General on this regard are not in conformity with provisions of Article VI of the General Agreement on Tariffs and Trade (hereafter the Anti- Dumping Agreement), in particular on the following grounds:
 - The normal value of the product under consideration was constructed based on a surrogate method using the data of Indian producers, which appears to be not in conformity with provisions of Article 2 of the Anti-Dumping Agreement.

* **Calculation of a dumping margin**

- The normal value of the product under consideration was constructed based on the cost of production of like products in India. Although such an approach (i.e. constructed value) generally does not contradict the WTO rules and norms, the usage of such methodology is justified only in several occasions. As the panel held in US — Oil Country Tubular Goods, the concept of dumping is, in the first instance, a comparison of export prices and a home market. When such prices do not permit a proper comparison,

the value shall be determined by comparison with a comparable price of the like product when exported to a third country, provided that this price is representative, or with the cost of production in the country of origin plus a reasonable amount for

➤ Administrative, selling and general costs and profits. Thus, the Directorate General obviously erred by using the cost of production of like products in India and not the cost of production in Russia (country of origin).

➤ As per low level of home market sales of the product under consideration, the level of home market sales is sufficient if home market sales constitute at least 5% of the export sales in the country conducting the investigation. The Directorate General failed to submit evidence that there is no home market sale of the product under consideration or sales level is below 5% grade.

➤ In addition to the abovementioned, the Directorate General failed to submit the methodology of calculation of the normal value of the product under consideration. In particular, no information was submitted regarding manufacturing expenses used while calculating the normal value of the product. Thus, the dumping margin was calculated in violation of provisions of Article 2.4 of the Anti-Dumping Agreement.

➤ Based on the abovementioned submissions, the findings (para 63 of the Disclosure Statement) regarding the size of the dumping margin of the product under consideration appears to be not in conformity with Article 2 of the Anti-Dumping Agreement.

82. **Injury/Causal Link**

➤ In response to the Authority's observation that even though the imports are under the advance license route the Authority considers this as an opportunity loss of possible sales of Domestic Industry who could have sold an equivalent grade of subject goods to the importer, it is submitted that the Russian PTFE procured against advance licenses was not sold or intended to be sold in the domestic market. Hence, there is no possibility of the same causing an opportunity loss to the Domestic Industry. As earlier submitted, the possibility of procuring the equivalent grade from Domestic Industry is ruled out due to quality and uniformity issues and preferences of the end consumers.

➤ It is relevant to note that other than the data made available by GIPL, there is not much information which has been furnished by other stakeholders and hence the quantitative causal link projected by the Domestic Industry is merely speculative.

➤ The following fundamental issues to substantiate discontinuation of imposition of ADD are reiterated :

- that the anti-dumping protections often come at a substantial cost to the end consumers;
- the ADD imposition protects the Domestic Industry at the expense of consumers, which results in higher prices, lower quality products and thereby lessening the consumer choices;
- from the point of view of economics, there is no reason to support any anti-dumping law, since price differentiation across markets is a legitimate and a perfectly rational, sensible and legitimate profit-maximization action; and
- there is no justification for condemning certain export prices simply because they happen to be lower than prices in other markets whereas the domestic price discrimination i.e., differences in pricing between one country's domestic regional markets, normally is not penalized.
- In the United States of America, as referred to in the Disclosure Statement, the number of ADD initiations have a declining trend since 1993. Moreover, India has filed roughly 20% of all global antidumping cases, quite disproportionate to its share of global imports of 2%.
- It appears that the Directorate General while performing the injury analysis failed to examine all relevant economic data and factors regarding the state of the domestic industry of India (hereafter – domestic industry), which violates provisions of Article 3 of the Anti-Dumping Agreement.
- Lastly, the Directorate General failed to establish in a manner eliminating any reasonable doubt a persuasive causal link between the alleged injury to the domestic industry and the imports of the product under consideration. On a contrary, the conclusion that such causal link exists was made based on insufficient poorly founded evidence.

➤ While performing injury analysis with respect to the domestic industry, the Directorate General failed to address data and submissions reflecting the positive development of the domestic industry, which violates provisions of Article 3 of the Anti-Dumping Agreement.

➤ As the Panel in *Thailand — H-Beams* while examining the provisions of Article 3.4 of the Anti-Dumping Agreement held that ‘positive movements in a number of factors would require a compelling explanation of why and how, in light of such apparent positive trends, the domestic industry was, or remained, injured within the meaning of the Agreement. [...] such a situation would require a thorough and persuasive explanation as to whether and how such positive movements were outweighed by any other factors and indices which might be moving in a negative direction during the investigation period’.

➤ In accordance with submissions of the Directorate General, the following factors, in particular, are indicating the positive development of the domestic industry during the period from 2011 to the POI (October 2013 – September 2014):

➤ Increase in sales of domestic producers on the domestic market by 73%.

➤ Increase in sales of domestic industry on the domestic market by 179 index points.

➤ Increase in production capacity of the domestic industry by 35 index points in 2013-14.

➤ Meanwhile, despite various positive trends in development of the domestic industry, the Directorate General in violation of the provisions of Article 3.4 of the Anti-Dumping Agreement failed to submit thorough and persuasive explanation as to how such positive trends were outweighed by negative factors.

➤ The Directorate General wrongly concluded that there is no change in the structure of consumption as the share of Indian producers in a domestic consumption increased during the POI by 11 index points up to 54%. Hence, it appears that the Directorate General failed to comply with Article 3 of the Anti-Dumping Agreement while establishing the injury to the domestic industry.

➤ In violation of the provisions of Article 3.5 of the Anti-Dumping Agreement, the Directorate General failed to present a comprehensive and sufficient analysis of the export data of Indian producers of the like product.

➤ The alleged material damage to the domestic industry may be caused by export activities of Indian producers.

➤ In particular, the Directorate General has failed to address the data indicating that, in comparison with the period of the first investigation, imports of the product under consideration decreased by 30-37% during the period under consideration.

➤ Paras 64-65 of the Disclosure Statement, surely cannot be considered as sufficient in order to establish a clear causal link between the imports of the product under consideration and alleged material damage to the domestic industry.

➤ In particular, the Directorate General compared import prices of the product under consideration with import prices of like products originating from USA and EU. Such methodology cannot be regarded as accurate and appropriate, since the Directorate General obviously failed to calculate actual costs associated with the manufacturing of the product. No other reasonable methods for determining the import prices were used as well as no competitive advantages of Russian economics, such as geographical location or cost price of raw materials, were taken into account while performing review.

➤ The insignificant increase by 3,8% of the import of the product under consideration in consumption in India hardly could cause any negative impact on the domestic industry. In particular, the Ministry notes that the share of consumption of the like product originated in India on the domestic market increased by 54,1%.

➤ The present sunset review as regard to PTFE was initiated by Gujarat Fluoro chemicals Ltd. (the Petitioner). Guarniflon India Pvt. Ltd. (hereafter – GIPL), the major procurer of PTFE from the Petitioner, during 2013- 2015, procured PTFE from Russian manufacturer OAO HaloPolymer as well. During sunset review, GIPL submitted the following information as regard the quality of the PTFE (para 14). According to GIPL, OAO HaloPolymer's plant is a relatively old plant with a stabilized process of manufacturing of PTFE. Their PTFE is consistent in terms of quality, while the Petitioner's product is much more inconsistent in quality. Besides, PTFE GIPL procured from OAO HaloPolymer is of a particular grade 4RB, which, according to GIPL, on account of inconsistencies is perceived to be of better quality. Thus, the Petitioner may lose profit not because of alleged dumped imports from Russia, but as a result of a worse quality product. It appears that the Directorate General failed to address this information.

83. The petitioner has stated that the anti-dumping duty can be extended so long as the investigation establishes that the dumping and consequent injury to the domestic industry is likely in the event of cessation of anti-dumping duty.

- The imports from Russia constitutes considerable share of the Indian demand which is significant at the stage of sunset review and for a likelihood analysis.

- Imports of the product under consideration from subject country have increased in absolute terms in recent period.
- The market share of the domestic industry as well as that of the Russian imports have increased over the injury period.
- The landed price of imports from the subject country is undercutting the domestic selling price.
- The imports have led to depressing and suppressing effect on the prices of the domestic industry in the market.
- The landed price of imports of product under consideration is materially below the NIP of the domestic industry, thus resulting in significant injury margin.
- There is likelihood of dumping and consequent injury in the event of the cessation of present anti-dumping duties.

➤ Petitioner submits that it would not be appropriate to restrict determination of injury margin by considering the imported grade and grade 610 supplied by domestic industry. The product type has been imported by M/s Guarniflon India Pvt. Ltd. (GIPL) who is interchangeably using the grades being supplied by domestic industry. Since this company is interchangeably using these grades of Domestic Industry, petitioner submits that these grades should be considered as like article to the product imported by the company. While it may be appropriate for the purpose of dumping margin that only relevant grades are considered, as far as injury margin is concerned, the Designated Authority is required to consider like article in India. It is submitted in this regard that the methodology of dumping margin depends on grade produced and supplied by the petitioner in the home market and exported to India. However, as far as the injury margin is concerned, the Authority is required to consider the grades exported by petitioner and all like grades of the product produced by the domestic industry. The like article offered by the petitioner includes following grades and therefore it would be necessary to consider these for the purpose of injury margin determination. As far as dumping margin determination is concerned, petitioner does not have any concern about the present methodology in this regard.

84. NIP determination - captive inputs considered at cost of production and yet 22% return on captive inputs not added

➤ **Captive inputs are valued at cost of production** - Petitioner submits that all captive inputs have been valued at cost of production. A statement showing cost of production of each of the captive input, showing therein sale and captive transfer of the input is enclosed with these submissions. It would be seen that each and every captive input is at cost of production.

While reviewing the NIP determined by the Authority, petitioner finds that the Authority has not added 22% return on the captive inputs produced and consumed by the petitioner for production of product under consideration. Following are relevant in this regard.

Since power, AHF, Chlorine, Chloroform, R-22, TFE are all captive inputs produced by the petitioner, and that these captive inputs have been transferred to next product at cost of production; petitioner submits that the NIP is required to be determined after adding 22% return on these captive inputs.

➤ **DGAD appears to have considered that captive inputs are valued at market value and has not added 22% return in captive inputs for this reason** - It appears that DGAD has considered that captive inputs have been valued at market value. The fact is however that all the captive inputs have been valued at cost of production. A statement showing cost of production of various captive inputs are enclosed with these submissions, clearly identifying therein volume and value of captive input and sales (if any). It is evident that all the captive inputs have been valued by the company at their respective cost of production. If captive inputs are transferred at cost of production, the Authority adds 22% return on the capital employed for assets utilized for producing such inputs. We request the Designated Authority to consider the fact that all the captive inputs have been valued at cost of production and 22% return on all captive inputs is required to be added. It is also noteworthy that it is the consistent practice of the Designated Authority to allow the same if the captive inputs are transferred at cost of production.

Petitioner further submits that the Designated Authority has filed repeated affidavits before Delhi High Court in NIP writ petitions. DA has also in Trade Notice 01/2015 analyzed this aspect, While Indian producers in different commodities have contended before Delhi High Court that (i) the NIP law itself is contrary to the Rules and therefore

must be repealed, (ii) the interpretations being drawn by the DGAD from the NIP law in different cases are inconsistent with the law, and DGAD has filed unambiguous replies in these writ petitions fully supporting the NIP law and stating that the Directorate invariably adds return on capital employed in captive inputs.

The replies filed by Designated Authority before the Delhi High Court in the following writ petitions wherein the NIP law has been challenged "as such" and "as applied" are also relevant in this regard. A complete copy of reply in Thirumalai Chemicals Ltd case and a copy of relevant extracts from other cases are enclosed with these submissions. It may kindly be noted that these are merely illustrative. There are a number of other writ petitions on NIP, which have been bunched and are now being heard together. The Designated Authority has stated in these affidavits that if captively produced inputs are transferred at a rate based on cost of production, then Designated Authority **adds** reasonable returns on capital employed in production of captively produced inputs in addition to their cost of production.

- Alkali Manufacturers Association of India vs. Union of India & Anr.
- Phillips Carbon Black Ltd & Anr vs. The Secretary Revenue & Anr.
- Thirumalai Chemicals Ltd & Anr vs. Union of India & Anr.

The minutes of meeting notified by the DGAD consequent to the meeting convened by the Designated Authority on 29.12.2015 to discuss the suggestions/ comments received from various interested parties for amending provisions of Annexure III of Antidumping Rules was chaired by the Designated Authority and attended by all the officers of DGAD. Consultant (GR) was also present in the meeting. These Minutes of Meeting were communicated by the DGAD vide email dated 20th Jan., 2016 wherein the Authority has stated that if domestic industry accounts for the captively produced inputs at cost of production, an additional return @ 22% on capital employed for assets utilized for producing such inputs is also added.

➤ **Directorate established practice is to add 22% return on captive inputs**

It is thus established that it is established practice of the Directorate to add 22% return on captive inputs. The Designated Authority may not kindly penalize the domestic industry and determine NIP without adding 22% return on assets utilized in captive inputs.

Petitioner submits, as an objective and unbiased investigating Authority, the scheme of the Rules is such that the Designated Authority is required to call relevant information and determine NIP. If the same requires addition of 22% return on assets utilized in captive inputs, the same is required to be added.

➤ Addition of 22% return on captive inputs costs seems to have been ignored on the basis of incorrect presumption that the captive inputs are valued at selling price - It appears that 22% return has not been added to the captive inputs costs presumably on the basis of incorrect presumption that the captive inputs are valued at selling price. However, as the enclosed statements clearly show, all captive inputs are valued at their cost of production. The information on record of the case also clearly shows that the captive inputs have been valued at their cost of production.

➤ All relevant information is already on the record of the Authority

85. Need for extension of existing anti-dumping duties - Petitioner submits that the Authority may kindly consider extension of existing anti-dumping duties. It is not a fit case for modification of duty for the reasons that (i) rouble has very steeply depreciated after the POI, (ii) the import prices have significantly declined in the present period (after the POI), (iii) whereas only one grade of the product was being imported in POI, another grade at much lower price is being imported in post POI period, (iv) dumping margin and injury margin has increased after the investigation period, (vi) the exporters have contended that the present import volumes are not significant.

A statement of imports from Russia over the injury period and upto Dec., 2015 shows that whereas only 4 RB grade was imported during POI, 4 PN grade was being imported before POI and after the POI. Further, it would be seen that 4 PN grade has been imported at a price materially lower than 4 RB grade. 4 PN grade is comparable to 610 of the petitioner. Thus dumping margin and injury margin in imports of 4 PN grade are materially higher than the dumping margin and injury margin determined for 4 RB grade. For this reason also, it would be appropriate to extend existing quantum of anti-dumping duty.

86. Intensified dumping & injury in post POI period - Petitioner submits that the dumping of product under consideration has significantly intensified from Russia. A statement of imports showing imports along with import listing for the period upto Dec.,

2015 is enclosed with these submissions. The table and graph below shows the month by month import price from Russia. It would be seen that there is steep deterioration in the import price in the most recent period.

Unit in Rs per Kg

Months	All Grades	4RB Grade	4 PN Grade
Nov-13	373.23	373.23	-
Dec-13	373.98	373.98	-
Aug-14	403.52	403.52	-
Total Oct'13-Sep'14 (POI)	385.40	385.40	-
Nov-14	411.43	411.43	-
Dec-14	374.70	376.88	362.50
Mar-15	358.82	358.82	-
Total Oct'14-Mar'15	379.05	379.94	362.50
Apr-15	333.64	333.64	-
May-15	333.64	333.64	-
Jul-15	331.56	340.53	314.83
Oct-15	324.14	-	324.14
Total Apr'15-Dec'15	331.82	335.60	319.48

* **Absence of imports of all the grades during POI** - petitioner submits that only one grade of the product under consideration has been exported to India during the present POI. Further, exporter has exported other grades as well. Therefore, anti-dumping duties imposed based on one grade shall not appropriately protect the domestic industry.

* **Past cases of the Designated Authority** - the Designated Authority has in the past extended same quantum of anti-dumping duties. Petitioner refers to the final findings relating to front axle beam wherein the Designated Authority has extended the same quantum of anti-dumping duties.

* **Significant depreciation of Rouble** - Rouble has depreciated very significantly after the POI. Therefore, while the exporter can afford to export at the same price, the

imports shall occur at much lower prices. Resultantly, the injury margin has intensified after the POI due to significant depreciation of rouble.

* **Form of duty**

Domestic industry submits that anti-dumping duty may be extended in existing form to avoid circumvention and also that it is administered effectively by customs.

87. EXAMINATION BY AUTHORITY

The Authority notes the post disclosure submissions regarding evaluation of dumping margin and reiterates that the normal value constructed for the grades of the subject goods exported to India during POI is based on information provided by the responding producer/exporter of Russia which has further been correlated by the information provided by the petitioner. Since the specific grade exported to India was not sold in the domestic market by the responding producer/exporter of Russia, the constructed Normal Value based on the cost of production of the exported grade has been referenced as stated above.

As regards injury assessment, the Authority has assessed all relevant injury parameters and has noted that the grade exported during POI has led to price undercutting. As regards the aspect of quality of the subject goods produced by Domestic Industry and those imported from Russia, the Authority holds that comparison has been done for prices of similar grades and in case quality of subject goods imported from Russia was higher, it would not have led to price undercutting as it would have fetched higher price. The Authority notes that the importer of the subject goods from Russia has also sourced goods from the domestic market for sales in India. These subject goods could also have been made available by the domestic industry to the importer for using as raw material for their export products under the India's foreign trade policy's deemed exports scheme.

As regards the claim of the company requesting return on assets deployed for the production of captive inputs at Ranjit Nagar, the company was asked to substantiate its claim with reference to Rule 8 of Central Excise Valuation Rules, 2000 and CAS 4 governing the transfer value of captive excisable inputs from one unit to another unit. The information furnished by the company establishes that an element of profit has

already been built into the consumption price of R 22 (input transferred from Ranjit Nagar plant to Dahej plant) and which has already been considered in the calculation of NIP. Thus, reasonable return on capital employed for the production of inputs at Ranjit Nagar Unit of the company has already been claimed in the form of profit and therefore, the claim of the company on this account is not tenable.

The Authority notes that even though the present Sunset Review is the 3rd Sunset Review but the subject goods are still being exported by the Subject Country at dumped prices and at a fair level of comparison i.e. grade to grade, a positive price undercutting has been noted which has led to price injury to Domestic Industry. As per the Anti-Dumping Rules, there is no bar/limit on the number of Sunset Review and tenure of continued Anti-Dumping measures. However, to ensure that the Anti-Dumping duty quantum is fair, an appropriate comparison of equivalent grades of the subject goods has been undertaken during POI.

As regards Domestic Industry's contention that in post POI another grade equivalent to 610 has been exported, the Authority holds that while comparison is undertaken at grade to grade level in the POI as per its consistent practice, the scope of the PUC is not limited to this grade only. The quantum of injury assessed is being applied across all grades to ensure redressal due to dumping based on actual working of injury margin in POI. In case of any change in the dumping patterns by way of intensification, any interested party could come forward for a review at a later date.

As regards Domestic Industry's contention to continue Anti-Dumping Duty at existing level, the Authority holds that the Subject Goods are quite price sensitive and that in any period of investigation if the export prices vary, then even the normal value and NIP would also undergo a change. The window of POI chosen in a review comprehensively evaluates all parameters and therefore the margins of dumping and injury are factual capturing all price volatile parameters making them fair and realistic. Further the Authority notes that the Dumping Margin is extremely significant and the price undercutting is positive which in post POI is also noted to be positive.

The Authority has evaluated likely injury in Post POI period on account of imports in India and in event of likely diversion of imports from Russia to third countries to India in

POI and Post POI. The injury margin is though lower but continues to be positive justifying the need of ADD imposition at a level as determined during the POI. The Authority holds that imposition of Anti-Dumping at a level of lower of the dumping or injury margin as per lesser duty rule evaluated during POI would ensure injury redressal to the Domestic Industry on account of dumping of the Subject Goods from the Subject Country.

CONCLUSIONS

88. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in this finding and on the basis of the above analysis of the state of continuation of dumping and consequent injury and likelihood of continuation/recurrence of dumping and injury, the Authority concludes that:

- i. There is continued dumping of the product concerned from Russia, both in absolute terms and in relation to production/consumption in India causing injury to the domestic industry.
- ii. Imports are significantly undercutting the prices of the domestic industry. Further, imports are suppressing and depressing the domestic prices.
- iii. The performance of the Domestic Industry has deteriorated in terms of profits, return on investments, cash flow and inventories.
- iv. The dumped imports from Russia continue to cause injury to the domestic industry.
- v. Dumping of the product under consideration from Russia is likely to continue/intensify should the antidumping duty be revoked.

RECOMMENDATIONS

89. Having concluded as above, the Authority is of the view that the anti-dumping measures are required to be extended in respect of Russia as specified in the duty table below. Therefore, Authority considers it necessary to recommend continued imposition of definitive anti-dumping duty on imports of subject goods from Russia in the form and manner as described in the duty table given below.

90. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, on the imports of the subject goods, originating in or exported from Russia so as to remove the injury to the domestic industry. Accordingly, the anti-dumping duty equal to the amount indicated in Col. 9 of the table below is recommended to be imposed by the Central Government on the imports of the subject goods, originating in or exported from Russia.

DUTY TABLE

S. No.	Sub-heading	Description	Specification	Country of origin	Country of export	Producer	Exporter	Amount	unit	Currency
1	2	3	4	5	6	7	8	9	10	11
1.	3904 61	Polytetrafluoro-ethylene (PTFE)	Any	Russia	Russia	Any	Any	739.77	MT	US\$
2.	3904 61	Polytetrafluoro-ethylene (PTFE)	Any	Russia	Any	Any	Any	739.77	MT	US\$
3.	3904 61	Polytetrafluoro-ethylene (PTFE)	Any	Any except China PR	Russia	Any	Any	739.77	MT	US\$

91. 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.

A K Bhalla

Additional Secretary & Designated Authority