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Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti Dumping and Allied Duties

NOTIFICATION

6th January 2011

Subject: Anti-dumping Investigation concerning import of Glass Fibre and articles thereof originating in or exported from China PR. - Final findings.

14/28/2009-DGAD – Having regard to Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules thereof, as amended from time to time (hereinafter referred to as the AD rules).

A. PROCEDURE

2. The procedure described below has been followed.

- I. The Designated Authority (hereinafter referred to as the Authority), under the above Rules, received a written application from M/s. Owens Corning India Limited, Mumbai and M/s. OCV Reinforcement Manufacturing Limited, Hyderabad on behalf of the domestic industry, alleging dumping of glass fiber and articles thereof originating in or exported from China PR (hereinafter referred to as subject country).
- II. Preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the Applicant. The application was, therefore, considered as properly documented.
- III. The Authority, on the basis of sufficient evidence submitted by the Applicant to justify initiation of the investigation, decided to initiate the investigation against imports of the subject goods from the subject country.
- IV. The Authority notified the embassy of the subject country in India about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the AD Rules.
- V. The Authority issued a public notice dated 8th January 2010 published in the Gazette of India, Extraordinary, and initiating anti-dumping investigation concerning imports of the subject goods.

- VI. The Authority forwarded a copy of the public notice to all the known exporters (whose details were made available by the Applicant) and industry associations and gave them opportunity to make their views known in writing in accordance with the Rule 6(2) of the AD Rules.
- VII. The Authority also forwarded a copy of the public notice to all the known importers of the subject goods in India and advised them to make their views in writing within forty days from the date of the letter.
- VIII. The Authority provided a copy of the non-confidential version of application to the known exporters and the embassy of the subject country in India in accordance with Rule 6(3) of the AD Rules. A copy of the Application was also provided to other interested parties, wherever requested.
- IX. The Authority sent questionnaires to elicit relevant information to the following known exporters in subject country in accordance with Rule 6(4) of the AD Rules:
- a) Chongqing Polycomp International Corp, Dadukou District, Chongqing, China-400082.
 - b) Jushi Group Co. Ltd, 699 Wenham Road (South), Tongxiang Economic Development Zone, Tongxiang City, Zhejiang Province-314500, China.
 - c) Taishan Fiberglass Inc., Economic Development Zone, Taian, Shangdong, China.
 - d) Zibo PPG Sinoma Jinjing Fiber Glass Co Ltd, 202 Zhongxin Road Zibo, Shandong Province- 255086.
- X. In response to the initiation notification, the following exporters / producers from China responded:
- a) Jushi Group Co Ltd (hereinafter also referred to as ‘Jushi, Tongxiang’)
 - b) CNBM International Corporation
 - c) Jushi Group Jiujiang Co Ltd.
 - d) Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”).
 - e) Jiangsu Changhai Composite Materials Holding Co Ltd (OCH)
 - f) Jushi Group Chengdu Co Ltd
 - g) Taishan Fiberglass Inc. (CTG or the Company) (CTG or the Company).
 - h) Taishan Fiberglass Zoucheng Co., Ltd. (“Zoucheng”, the Company)
 - i) Sinoma Jinjing Fiber Glass Co Ltd
 - j) Shandong Aste New Materials Co Ltd
 - k) China National Materials Industry Import & Export Corporation (Sinoma Import & Export, the Company)
 - l) Shandong Taishan-PDO Glass Fiber Products Co., Ltd. (“PDO”, the Company)
 - m) PPG Sinoma Jinjing Fiber Glass Company, Ltd.
 - n) Sinoma Jinjing Fiber Glass Co., Ltd.

- XI. Following exporter/producer responded subsequent to the preliminary finding:
- 1) Zhejiang Jiashan Glass Fibre Weaving Factory
- XII. Questionnaires were sent to the following known importers / users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:
- a) Kemrock Industries & Exports Ltd.
 - b) Pentair Water India P Ltd
 - c) Amiantit Fibreglass India Limited
 - d) Sundaram Brake Linings Ltd
 - e) Graphite India Limited
 - f) Indore Composite Pvt. Ltd.
 - g) Aksh Optifibre Limited
 - h) Balaji Fibre Reinforcement Pvt. Ltd.
 - i) O. K. Glass Fibre Limited
 - j) Jushi (India) FRP Accessories Pvt. Ltd.
 - k) Sky Fibreglass Solutions Pvt. Ltd.
 - l) Aarvi Composites Pvt. Ltd.
- XIII. In response to the initiation notification, the following importers /users have responded
- a) M/s Kemrock Industries and Exports Ltd, India
 - b) M/s Jushi(India) FRP Accessories Pvt Ltd
 - c) M/s Graphite India Ltd
 - d) M/s Pacific Pipe Systems Pvt Ltd
 - e) M/s SKY Fiberglass Solutions Pvt Ltd
 - f) M/s EPP Composites Pvt Ltd
 - g) M/s Balaji fiber Reinforce Pvt
 - h) M/s Aarvi composites Pvt Ltd
 - i) M/s Kush Synthetics Ltd.
 - j) M/s Amiantit fiberglass Ltd
- XIV. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties.
- XV. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis was directed to provide sufficient non confidential version of the information filed on confidential basis

- XVI. Information was sought from the applicant and other domestic producers also.
- XVII. The Non-injurious Price based on the cost of production and cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry;
- XVIII. Investigation was carried out for the period starting from 1st April 2008 to 30th Sept. 2009 (POI). The examination of trends, in the context of injury analysis covered the period from 2005-06, 2006-07, 2007-08 and POI.
- XIX. The preliminary findings was issued on 2nd June 2010 and a copy of the same was sent to the all the interested parties for their comments. A copy of the same was also put on the website simultaneously for information to all concerned. On the basis of the recommendations of the Designated Authority, Ministry of finance imposed provisional anti dumping duty on 14.07.2010.
- XX. In accordance with Rule 6(6), the Authority also provided an opportunity to all interested parties to present their views orally in a Public Hearing held on 29th July 2010. The interested parties who presented their views in the Public Hearing were requested to file their written submissions of the views expressed orally and to submit their rejoinders one week thereafter.
- XXI. Onsite verification was carried out in respect of cooperating and responding exporters and importers to verify their claims regarding market economy, normal value and export price and on the basis of verification, a verification report was issued on confidential basis to verified exporters and comments received have been duly examined in this final findings subject to being relevant in the subject investigations.
- XXII. In accordance with Rule 16 of Rules Supra, the essential facts/basis considered for these findings were disclosed to known interested parties on 23rd November 2010 and comments received thereon have also been duly considered in the findings.
- XXIII. *** in this final findings represents information furnished by an interested party on confidential basis and so considered by the Authority on merits under the Rules.

B. PRODUCT UNDER CONSIDERATION AND DOMESTIC LIKE ARTICLE

B.1 Product under consideration

3. The Product under consideration in the present investigation as adopted in the initiation notification and preliminary findings is glass fibre and articles thereof, including glass

roving, glass chopped strands (CS), glass chopped strands mats (CSM). Specifically excluded from the scope of the product under consideration were glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications.

- 4(a). The following views have been expressed by various interested parties on product under consideration.

B.2 Views expressed by the domestic industry

- I. The product under consideration in the present application is “Glass fibre and articles thereof, excluding glass wool, glass yarn, glass woven fabrics and chopped strands meant for thermoplastic applications”.
- II. Various types of glass fibre are produced using the same or similar raw materials and follow through the same production process.
- III. A large number of glass fibres are produced by the manufacturers globally to meet various specific end applications of the consumers. Production of different types by a producer therefore depends on a number of commercial & technical parameters. The domestic industry possess technical capabilities to produce all kinds of glass fibre by virtue of their affiliations with the global leaders of the product, who are in fact inventors of the product.
- IV. No type of glass fibre should be excluded from the scope of the investigations. Non production of a particular type is more on account of commercial factors (primarily, availability of sufficient demand in the Country and the fact that the same are being produced by their counterparts outside India).

4(b). Following submissions have been made by domestic industry subsequent to preliminary finding:

- a) All glass fibres included in the interim findings constitute one product.
- b) The fact that the product is produced in a large number of different types, where different types may differ in terms of associated product properties and end application, prices does not imply that they constitute distinct commodity/product.
- c) The basis considered by the Authority for exclusion of certain types from product under consideration scope is inconsistent with the law and practice.
- d) The product types sought to be excluded and product types sought to be included fall under the same customs classification.
- e) The possibility of avoiding and circumventing anti-dumping duties in the name of excluded product is significantly high in the present case.

B.3 Views expressed by various interested parties (importers and exporters)

4 (c) Micro-glass fiber imported from China is a specialty product and is different from the glass fiber. It is used in the manufacture of battery separators and high efficiency air and liquid filter media and has a special manufacturing process. There is no domestic manufacturer of this special low diameter glass fiber. Further, micro-glass fiber is being imported to produce separators which are being produced in India for the first time. Imports of micro-glass fiber have not caused injury to the domestic industry.

- I. If the invoice description of the goods imported is “glass wool”, the same should be excluded from the scope of product under consideration.
- II. Glass tissue which falls under the customs heading 70199000 (others) has been imported from China and should be excluded from the scope of the investigation.
- III. Following submissions have been made by opposing parties subsequent to preliminary finding:
 - a) A clarification notification may be issued for exclusion of Glass Wool as customs sometime asking AD duty on this, while this is excluded. It has also been added that Roving, CS, CSM are distinct product. Even Direct Roving and Assembled Roving are different products. Further, HS Code or Exim codes in India classifies Rovings, CSM and CS as different products. It has also been added that SION Norms enclosed by domestic industry shows Roving, CS, CSM as separate product and separate norms are shown therein. Further, Processes are patented separately for Roving, CS, CSM etc. Hence these are different products. Even Owens’ own website provides sufficient details for Roving, CS, CSM etc separately.
 - b) Product scope of code 7019 contains certain types, which are not included in the scope. Product scope is too wide and vague and includes products which are not manufactured by the domestic industry at all.
 - c) Many products such as slivers, thin sheets (voils), webs, mattress, boards, and similar non woven products should be excluded, as these are not produced by domestic industry.
 - d) Para 8 of preliminary findings states that all types of fibre perform same functions of reinforcement, whereas in para 5, it is stated that it is used for thermal insulation, electric insulation, sound absorption, heat and corrosion – none of these are reinforcement. It has also been added that it is incorrect to state that variant of glass fibre follow same pricing.
 - e) Armstrong world industries imports Glass Fibre Acoustical Ceiling Tiles from China PR. This article does not have any resemblances with like article produced by domestic industry and this is not produced in India. These should be excluded.
 - f) It is incorrect to say that no objection has been raised by any party with regard to like article.
 - g) There is difference in boron free Advantex produced by domestic industry and E

glass imported from China. E Glass cannot be substituted by Advantex Glass because of inherent characteristics and pricing

B.4 Examination by the Authority

5. The Authority notes that the scope of product under consideration as defined in the initiation notification is as follows:-

“Product under consideration in the present petition is Glass fibre and articles thereof, including glass rovings, glass chopped strands(CS), glass chopped strands mats(CSM). Specifically excluded from the scope of the product under consideration are glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications.”

6. Glass fibre articles are made from extremely fine fibres of glass. Glass fibre articles are essentially reinforcement materials. Various uses for glass fibre articles include thermal insulation, electrical insulation, reinforcement of various materials, tent poles, sound absorption, heat and corrosion resistant fabrics, high strength fabrics, pole vault poles, arrows, bows and crossbows, translucent roofing panels, automobile bodies, hockey sticks, surfboards, boat hulls, and paper honeycomb. The subject goods is classified under chapter 70 of the Customs Tariff Act at subheading no. 7019. The customs classification is however, is for reference purpose only and will have no binding on the scope of the present investigation
7. Glass fibre is an extremely fine fibre of glass. Certain minerals are mixed in a pre-determined composition, melted at high temperature in a furnace in a batch process. The melted material is drawn through bushings to form fibres. A fiberization process is carried out wherein some chemicals are applied and the material is cured. The fibre so produced can be processed further either off line or on line to obtain a large variety of articles. The off line or on line process might involve additional plant and equipments.
8. Petitioners have argued that all types of glass fibre have essentially the same physical and technical characteristics, employ the same technology & follow essentially the same production process, are produced using the same raw materials, perform the same function (i.e., as reinforcement material), follow the same pricing. Depending upon end applications, glass fibre is produced in a large number of different types, distinguished in terms of following product properties –
- a) product form – various forms of glass fibre can be assembled roving, direct roving, volumized direct roving, dry-use chopped strands, wet-use chopped strands, chopped strand mats with emulsion binder, chopped strand mats with powder binder, continuous filament mats with emulsion binder, continuous filament mats with powder binder.
- b) Density – glass fibre can be produced in different densities/linear densities. Density and linear density of glass fibre is measured in terms of gsm (i.e., grams per square meter) and tex (grams/kilometer) respectively.

9. It is noted that various Interested parties have argued that that Roving, CS, CSM are classified and different types of glass fibres are in fact different/distinct products. The Authority has examined the submissions of interested parties and holds that different types of glass fibres are produced using the same or similar raw materials and the production technology and manufacturing process involved is basically the same with some incremental processing required in the case of some of its types. It is also noted that different types have broadly similar physical, chemical and technical characteristics and are basically used for the reinforcement purposes. While it is true that a number of product types require additional production activities, the same are only incremental and does not alter the basic properties of the product. As regards difference in customs classification, the Authority considers that customs classifications are for reference purposes. The Authority also notes that difference in physical characteristics or prices of different types cannot make these types as altogether different products and they are at best relevant for the purpose of ensuring fair comparison.
10. The Authority has examined the requests for exclusion received from various interested parties. The Authority has also examined the argument of interested parties that “articles thereof” is very wide and vague term and should not be specified in the product scope. The Authority agrees with the interested parties that “articles thereof” suffixed to the product description is neither necessary nor appropriate, as the scope of the product under consideration must be most unambiguous and should not lead to any possible misinterpretations. The Authority therefore proposes to delete the words “articles thereof” from the product description.

The Authority notes that domestic industry has not produced micro glass fibre used in battery separator, surface mat/surface veil/tissue during the investigation period. Further, production of these types requires certain additional production facilities, which are not available with the domestic industry. While it may be true that these product types involves mere additional production process, yet, the domestic industry neither possess the requisite the production facilities, nor can offer the same in the market. Further, these types cannot be used where other types within the scope of the product under consideration are used.

11. The Authority therefore excludes these types of the product under consideration from the scope of product under consideration for the purpose of the present investigation. **Thus, for the purpose of present investigations, the product under consideration is glass fibre, including glass roving (assembled rovings(AR), direct rovings (DR), glass chopped strands(CS), glass chopped strands mats(CSM). Specifically excluded from the scope of the product under consideration are glass wool, fibre glass wool, fibre glass insulation in wool form, glass yarn, glass woven fabrics, glass fibre fabric, glass woven rovings and chopped strands meant for thermoplastic applications, micro glass fibre used in battery separator, surface mat/surface veil/tissue.**

C. Like Article

12. With regard to like article, Rule 2(d) of the AD rules 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 applicants claimed that there is no known difference in applicants' product and subject goods exported from the subject country. 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 and there is no significant difference in the subject goods produced by the applicant and those exported from the subject country and the both are technically and commercially substitutable.
14. The Authority has examined the matter and notes that there is no known difference in subject goods produced by the Indian industry and exported from subject country. The subject goods produced by the domestic industry and that imported from subject country 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. Submissions made by the interested parties and on the spot verification conducted at the premises of the Chinese producers and the domestic industry did not show any significant difference between the two products. The two are technically and commercially substitutable. The consumers are using the two interchangeably. None of the opposing interested parties has raised any objection in this regard. Subject goods produced by the petitioner companies are being treated as domestic like articles to the subject goods imported from subject country in accordance with the anti-dumping Rules.

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

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

"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 which case such producers may be deemed not to form part of domestic industry:

16. The application was filed by M/s. Owens Corning India Limited, Mumbai and M/s. OCV Reinforcement Manufacturing Limited, Hyderabad as domestic industry. The application

was supported by Goa Glass Fiber Ltd, Mumbai. Post initiation, Goa Glass Fiber has provided information relating to injury to the domestic industry. A copy of the non confidential version of the information provided by Goa Glass was made available to interested parties through public file. Further, the company offered itself for verification and the Authority has conducted detailed on the spot verification/investigation at the premises of Goa Glass Fiber.

D.1 Views expressed by opposing interested parties

17. Opposing interested parties have advanced a number of arguments with regard to standing of the petitioner, which are summarized below.
 - a) The petitioner does not meet the requirement of the domestic industry as per the Anti dumping duty (ADD) rules.
 - b) Both the applicant companies M/s Owens Corning (India) Ltd and M/s OCV Reinforcement manufacturing Ltd. are related to a number of exporters from China
 - c) Details of imports made by the companies are provided but the details of the exports made by their related companies to the importers are not yet provided by the companies. This deliberate act is to misled the authority and the related exporter's name is not even shown in the exporters list.
 - d) Onus is on the domestic industry to establish their standing according to the law.

18. The Authority notes that one of the applicants had imported some volumes of the product under consideration in the earlier years i.e. 2005-07. The company claimed that it had imported the subject goods at the time of suspension in its production due to force majeure conditions. The production of the company got disrupted at the time of floods in Maharashtra. However, in order to meet its specific requirements, the company imported the product and sold the same. Since these are imports of the product under consideration at the time of temporary suspension of production and were not in the investigation period, Authority holds that imports of the same do not disqualify the standing of the company as a domestic industry. Further, one of the applicants has been regularly importing some types of glass fibres which are beyond the scope of the product under consideration. Since these are imports of the product not included in the scope of the product under consideration, imports of the same are in any case irrelevant for the present purpose. Further one of the applicants has imported small volumes of one of the product types under investigation during the period of investigation from China. The company has submitted that these imports were made for benchmarking purposes as one of its customers had raised quality issues and the Chinese product was provided to the consumer to establish no difference in the product quality. The Authority after examination and consideration of the arguments of the interested parties holds that volume of these imports is quite small (around 0.1% of total imports, 0.05% of demand in India and 0.06% of Indian production) and has been done for benchmarking purposes (to

establish quality of the domestic industry product). The Authority also holds that the focus of the company continues to be on production within the Country and has not shifted to imports. The company has not behaved differently as opposed to other Indian producers as a result of these imports. The Authority further notes the claim made by domestic industry that these imports were either made or arranged by the company and then supplied to the customers, who had raised quality issues with regard to the products supplies by the domestic industry.

19. In view of the foregoing, the Authority holds that these small volume of imports of the product under consideration do not disqualify the standing of the company to be treated as eligible domestic industry within the meaning of Rule 2(b).
20. With regard to the arguments of the China Glass Fiber Industry Association about the quantum of exports made by Owens Corning China to India, the Authority notes that the producer in China related to exporter has provided certificate confirming total exports made by the company. Thus, it is noted that exports made by the company have been considered by the Authority and the same does not vitiate the position. The Chinese related company has offered itself for verification of the information provided by the company.
21. Having regard to the provision under Rule 2(b) and the facts of the case, the Authority considers it appropriate to treat all three companies as eligible domestic producers within the meaning of Rule 2(b).
22. The Authority thus determines that the application satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD Rules. Further, M/s. Owens Corning India Limited, M/s. OCV Reinforcement Manufacturing Limited and M/s. Goa Glass Fibre Ltd. are being treated as 'domestic industry' within the meaning of Rule 2(b) of the AD Rules.

D.2 Other issues raised by domestic industry

23. The following are other issues raised by the domestic industry

- a) China exports to global markets shows the following pattern of volume and price:

<u>Period</u>	Exported to	Code	Trade Value	Net Weight (MT)	Price
2005	World	7019	\$858,883,906	5,68,872	\$1.51
2006	World	7019	\$1,180,047,237	7,90,115	\$1.49
2007	World	7019	\$1,602,815,862	10,85,215	\$1.48
2008	World	7019	\$1,861,245,490	12,08,208	\$1.54
2009	World	7019	\$1,298,079,150	9,76,643	\$1.33

Source: Unicomtrade data

It is thus, abundantly clear that with the recessionary effect felt by Chinese producers in their export markets, Chinese producers substantially reduced their prices in order to maintain their volumes and started undercutting the prices vary significantly [despite such price undercutting, the Chinese producers have lost about 2.32 lac MT sales in global market, which is about 4-5 times of Indian demand.

- b) The Chinese producers' claim that their product is an inferior product is without any basis and is only an attempt to justify dumping.

D.3 Other issues raised by opposing interested parties

24. Other issues raised by opposing interested parties are as follows

- a) It has been submitted that 60% product is used in glass fibre fabric, GRP pipe, wind mill etc and these are critical infrastructures and any duty imposition would affect supply and competitiveness of these sectors. It has also been added that chinese fibre is low in quality compared to Indian and European product except PPG, OCV China. Further, Technology plays a vital role in product production and this needs to be taken into account by the Authority..
- b) It has been submitted by some interested parties that ingredients and manufacturing process being almost same then the difference in prices of the Indian and Chinese products is only due to the high profit margin of Indian producers. Further, M/s OCV India has monopoly over the Indian market having the prices highest in the world. This is unfair and unethical business practice of the company.
- c) It has been submitted by some interested parties that ADD is only requested to eliminate competition from the Indian market and imposition of AD Duty is not in public interest.
- d) It has been submitted by some interested parties that Petitioner have made only allegation for subsidy, but provided no evidence.
- e) It has been submitted by some interested parties that DGCIS data was not made available to opposing parties.
- f) With regards to imposition of anti dumping duties by EU and Turkey, it has been submitted by some interested parties that dumping by Chinese producers in EU and Turkey has no relevance in Indian investigation. It does not mean dumping in India and it is concerted efforts of Owens Corning group to exclude Chinese goods from their EU, Turkey and Indian market.
- g) It has been submitted by some interested parties that there is no need for imposition of duty retrospectively.

D.4 Examination by the Authority on other issues

- 25. The Authority has examined the contentions of various interested parties. With regard to claim that Chinese product is of inferior quality, It is noted that it is merely an argument. And no evidence has been provided to substantiate the argument, nor the alleged

difference in quality quantified by the interested parties. The Authority, having regard to on the spot verification at the premises of Chinese and Indian producers plant observes that the production technology, production process and the product offered by the Chinese producers is quite comparable to the Indian producers. The investigation has not shown any possible difference in quality that could justify the difference in prices.

- a) With regard to claim that Owens is trying to eliminate Chinese competition, Authority notes that dumping duty is imposed only to eliminate unfair practice of dumping and is not intended to eliminate fair competition in the market.
- b) With regard to making DGCIS data public, it is noted that transaction wise DGCIS data is not publicly available information. The Authority has called information from several sources, including Government sources for the purpose of the present investigations. It is further noted that information to the extent relied upon and to the extent not confidential in nature is being disclosed to interested parties through the disclosure statement and adequate opportunity is being provided to the interested parties to defend their interests.

F. DUMPING MARGIN

F.1 Submissions of the domestic industry

26. It has been contended by the domestic industry that Chinese producers should be treated as non market economy country, *inter alia*, stating that:
 - a) **Market economy status cannot be given in a situation where one of the major shareholders is a State owned/controlled entity** – It has been contended by the Domestic industry that the European Commission has consistently held that possibilities of State interference cannot be ruled out in cases, where there is significant share of a State owned/controlled entity. It has been contended that it is not only the question of past interferences alone, but also possibilities of potential State interference in the future after the imposition of anti dumping duties that is relevant for granting market economy treatment.
 - b) **Market economy status cannot be given unless the responding Chinese exporters establish that the prices of major inputs substantially reflect market values:** It has been contended by the Domestic industry that “substantially reflect market values” has been widely interpreted to mean that the price of these inputs must be comparable to the prices prevailing in the international market. The Domestic Industry contends that the fact that such prices are comparable to the price prevailing in China PR is grossly insufficient.
 - c) **Major inputs include utilities:** It has been contended by the Domestic industry that production of the products concerned require power and fuel as a major item of utility. Admittedly, while the power supplier is a State owned entity, insufficient information is

available with regard to fuel supplier. It has not been established by the exporters that the price of utilities reflect fair market values.

- d) **Market economy status cannot be given unless the responding exporters establish that their books are audited in line with international accounting standards:** It has been contended by the Domestic industry that Chinese exporters have repeatedly disputed the treatment of European Commission to reject market economy treatment in such situations where Chinese exporters are unable to establish that their books are consistent with Chinese GAAP. Chinese companies in such cases have been contending that the requirement of insisting on compliance with International Accounting Standards is beyond law.
- e) **Market economy status cannot be granted even if one of the parameters is not satisfied:** It has been contended by the Domestic industry that the European Commission has repeatedly insisted that market economy status cannot be granted unless the responding Chinese exporters pass the test in respect of each and every parameter laid down under the Rules.
- f) **Onus/obligations:** It has been contended by the Domestic industry that it is not for the Authority to establish that the responding companies are indeed operating under market economy environment and are entitled for market economy treatment. On the contrary, it is for the responding Chinese exporters to establish that they are operating under market economy conditions.
- g) **Transformation:** It has been contended by the Domestic industry that in a situation where the current shareholders have not set up their production facilities themselves but have acquired the same from some other party, market economy status cannot be granted unless process of transformation has been completely established through documentary evidence.
- h) Following submissions have been made by domestic industry subsequent to preliminary finding
 - i. Exemption granted to one of the Chinese company is unjustified. The company has resorted to significant dumping. The company has claimed significantly higher prices and the same would not certainly corroborate with the customs data.
 - ii. The Authority has accepted claims made by the exporters for preliminary determination. These claims should have been cross checked with the DGCIS transaction wise information.
 - iii. M/s Zhejiang Jiashan Glass Fibre Weaving Factory filed response just less than a week before the public hearing and their response must be rejected. WTO has extensively dealt with the right of exporters to file information and obligation of the investigating Authorities to accept such information. The interested parties do not have indefinite right to file the questionnaire response before the Designated Authority as and when they choose so. Acceptance of questionnaire responses in other cases cannot become a sound legal jurisprudence or precedence to be followed by the Designated Authority in other

cases as well. Acceptance of response of an importer cannot be equated with acceptance of questionnaire response from an exporter/foreign producer for the reason that importers responses are only to supplement other information. Zhejiang Jiashan Glass Fibre Weaving Factory is not even a manufacturer of glass fibre. It is merely a processor who is buying glass fibre from Jushi or other Chinese producers. The exporter has grossly misled the Authority in claiming itself as a producer of Glass Fibre.

- iv. More than ten Chinese entities have responded to the initiation of notification. However, only two entities have claimed market economy treatment. This fact should not be ignored and the Designated Authority should focus the investigation on this aspect as well, particularly at the time of verification.
 - v. Interim anti-dumping duties imposed range from 12.75% to 23.93% for the co-operating exporters (one company "NCH" has been awarded zero duty on the grounds of no dumping and no injury. The levels of anti-dumping duties are too low and needs to be revised upwards. Considering that Turkey has imposed 38% duty in spite of higher export price from China to Turkey as compared to Chinese exports to India, the quantum of anti-dumping duties in Indian case should, at the least, be higher than the quantum of anti-dumping duties imposed by Turkey.
 - vi. The export price claimed by responding exporters does not appear reliable. Claims of export price made by the Chinese exporters does not corroborate with the prices reported to Indian Customs. The VAT Invoice is the only authentic document which the exporter can provide to establish price at which the goods were exported. Possibilities of Commercial invoice and VAT invoice not getting corroborated are not ruled out as VAT invoice is presented to Chinese customs and commercial invoice to Indian customs. One remains at FOB level, whereas other can be at any level.
 - vii. Given the limited number of transactions per responding exporter and corresponding importer, it is vital to corroborate the claims made by the exporters with the data compiled and consolidated by IBIS and DGCI&S
 - viii. The issue of difference in the exporter's claims and the Indian Customs reports had been adequately brought before the Designated Authority in past number of investigations.
 - ix. Only one dumping margin is required to be determined in respect of one product
27. It has been contended by the Domestic industry that failure to satisfy a number of conditions mentioned above by the responding Chinese exporters is sufficient to hold that market economy status cannot be granted to responding Chinese companies and thus the Normal value should be determined in accordance with Para-7 of the Rules. Further, the domestic industry has drawn attention of the Authority to the preliminary findings issued by the EC and the preliminary findings & thereafter disclosure statement issued by Turkey, wherein these investigating authorities have not granted market economy treatment to Chinese companies (barring M/s NCH who has been granted market economy treatment by the EC). The petitioners have further argued that the EC has even denied individual treatment to Chinese producers, which clearly establish that the Chinese producers cannot claim themselves eligible for market economy treatment.

F.2 Submissions by other interested parties

28. The following are submissions of other interested parties:

- a) Rules provide for the selection of appropriate third country in a reasonable manner, keeping in view the level of development of the Country and product under consideration.
- b) South Korea is not an appropriate surrogate country to establish normal value in china. No reasons have been provided by the applicants for their selection. More ever, the exporter from South Korea is a related exporter and hence not suitable for determining normal value.
- c) Following submissions have been made by other interested parties subsequent to preliminary finding
 - i. With regards to grant of market economy treatment, it has been submitted by some interested parties that the raw material supplies are not affected by non-market economy conditions and the utility rates in China are at par with the rates of the same in India. Also the gas prices follow the rate of the international gas prices and are not affected by non-market economy conditions. It has been submitted by exporters claiming market economy treatment that all the relevant data are submitted to the Authority.
 - ii. Regarding VAT it has been submitted that adjustments for the the imported inputs should be made. The actual gap in the non-refundable VAT is provided on confidential basis considering 5% VAT refund rate.
 - iii. It has been submitted that adjustment of differences in physical characteristics needs to be made.
 - iv. It has been submitted that Goods not entering into commerce of the Country (import under advance license, duty free schemes, EOU and SEZ) ought to have been excluded.
 - v. It has been submitted that claim of consideration of Korea and Turkey as appropriate third country is unjustified. There is no resemblance to Chinese economy,.
 - vi. It has been submitted that individual determination should be done to all affiliated companies.
 - vii. It has been submitted that merely because EC has considered Turkey as surrogate country for China does not mean that India should also consider Turkey as surrogate country to China.

It has been submitted that different grades of the product are different products and have different end use. Their pricing pattern is different. Therefore, giving one single dumping margin is incorrect.

d) The following submissions/comments have been made by various interested parties subsequent to the issuance of disclosure statement.

(i) The domestic industry has suggested some changes in the product under consideration citing the fact that it will lead to no ambiguity at the time of implementation.

(ii) The domestic industry has voiced concern at the dumping margin calculated by the Authority for various exporters in general and CPIC in particular. They have stated that their own calculations with the data obtained by them from Customs give them higher dumping margins. They have requested the Authority to reconsider the quantum of dumping margin and injury margin. Further, they have requested the Authority to confirm the conclusions arrived by the Authority in the Preliminary findings and have requested the Authority to impose duty on Ad valorem basis.

(iii) Other exporters have requested the Authority to recheck the margins calculated in the disclosure statement keeping in view the adjustments determined by the Authority.

(iv) M/s Zhejiang Jiashan Glass Fibre Weaving factory has commented on the export price, injury and causal link. In particular, they have asked the Authority to conclude injury and causal link affecting the domestic industry in light of the fact that there is little decline in the market share of the domestic industry and ROI of domestic industry continues to be high. They have also commented upon other injury parameters affecting the domestic industry and have asked the Authority to consider them in the final findings. About the export price, they have requested the Authority to re determine the export price as per the amount realised by the exporters.

(v) M/s CPIC has drawn the attention of the Authority towards the facts that imports made under Advance licence route or to SEZ should not be included in the margin determinations by the Authority. They have requested the Authority to re-examine their non MET status which is proposed in the disclosure statement. They have also requested the Authority to impose the duty on grade wise basis. Further, they have drawn the Authority's attention towards excessive confidentiality in the NIP determination.

(vi) One of the importer M/s Saertex India Pvt Ltd, has drawn the attention towards the fact that there is shortage of glass fibres in India and imposition of anti dumping duty will aggravate the demand supply gap and create monopolistic situation of the domestic industry. They have also stated that imposition of anti dumping duty will result in flooding of imports of more downstream products into the country.

(vii) M/s CTG, PDO, M/s Zoucheng and M/s PPG have submitted their comments with respect to export price not accepted by the Authority and has requested the Authority to reconsider their export price and not base it on the basis of facts available.

(viii) M/s China Fiber Glass Industry association has reiterated their comments made in response to Preliminary findings and has requested Authority to re-examine causal link analysis and also the fact that POI taken in this investigation got impacted due to global recession. They have also requested the Authority to examine injury factors in light of the fact that the domestic industry has not suffered volume as well as price effect. They have also commented on the 22% return on capital employed followed by the Authority and has requested Authority to reconsider the same. They have also commented that the Authority should consider granting MET to Chinese companies in the backdrop of previous cases done by the Authority.

(ix) M/s NCH and OCH have represented that their export should be accepted by the Authority as they have realised full exports proceeds.

(x) Other importers have submitted their comments with regard to amending product under consideration.

(xi) M/s Jushi group company have requested the Authority to reconsider notional profit from their export price for taking into account SGA and profit of Indian subsidiary.

F.3 Examination by the Authority

29. The Authority has analyzed above submissions of the various interested parties as follows:

a) The Authority has examined above submissions of interested parties. With regard to grant of market economy treatment to the various producers and exporters who have claimed market economy status, the same has been dealt under the heading of normal values and dumping margins. With regard to treatment of VAT in the determination of export prices and deduction in respect of imported inputs, it is noted that export price has been determined after taking into account un-refunded VAT and also the imported inputs which were verified by the Authority following verification visit. With regard to adjustments in the physical and other characteristics, it is noted that for the purpose of comparison between normal values and export prices, the Authority has compared same types and has worked out the dumping margin for each subtype before determining dumping margin for the product as a whole. With regards to the subject goods not entering into the commerce of the country either because of advance licensee route or imports into SEZ, it is noted that these imports have been taken into account for the purpose of working out dumping and injury as these dumped imports adversely affect the opportunities available to domestic industry to increase their supplies to these exporters and to that extent, the demand of the subject goods declines.

b) Further, the Authority after examining the submissions of various interested parties has not chosen any surrogate country for the purpose of determining normal values. With regards to the other claims, the Authority has examined above submissions of interested parties under the various headings in these findings.

c) With regards to comments made by various interested parties in response to disclosure statement, it is noted that most of the comments are reiteration of the facts earlier made before the Authority and they have been examined under various headings. With regards to margins determined in the disclosure statement with respect to various exporters, it is noted that the same has been rechecked and are duly reflected in the table of dumping margins and injury margins. With regards to various injury criteria affecting domestic industry, it is noted that the Authority has analysed all the mandatory injury criteria and causal link under various headings in this findings. With regards to grant of None MET to CPIC, it is noted that the same has been analysed in the dumping margin headings. With regards to methodology of fixation of duty, it is noted that ad valorem duty has been imposed in this case keeping in view the fact that product under consideration has several grades, costs and prices and duty under reference price and fixed duty may not be appropriate or consistent for the reason that same will imply higher extent of duty on lower value products and lower extent of duty on higher value products. With regards to demand supply gap in India following the imposition of anti dumping duty, it is noted that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way; and therefore, would not affect the availability of the product to the consumers.

d) With regards to acceptance of export price of PPG group company, it is noted that same has been analysed by the Authority and the Authority confirms its findings with respect to dumping margin as covered in detail in the verification report to the exporter and also in the disclosure statement. With regards to comments made with regards to injury and causal link, the same has been analysed in detail under various headings in this final findings. With regards to applying 22% rate of return on capital employed, it is noted that same is based on consistent practice of the Authority. With regards to MET to Chinese companies, it is noted that same has been examined in detail in the disclosure statement and verification report to the cooperating exporters (confidential).

e) With regards to claim of Jushi group of company about deduction of notional profit from their export price, it is noted that same has been examined and export

price has been determined after taking into account SGA and profit of Indian subsidiary.

NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

General remarks

30. The Authority notes that in the past three years China PR has been treated as non-market economy country in the anti-dumping investigations by other WTO Members. Therefore, in terms of Para 8 (2) of the annexure 1 of AD rules, China PR has been treated as a non-market economy country subject to rebuttal of the above presumption by the exporting country or individual exporters in terms of the above Rules for the purposes of present determination.
31. As per Paragraph 8 of the Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. The cooperating exporters/producers of the subject goods from China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-
 - a) The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labor, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
 - b) The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
 - c) Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - d) The exchange rate conversions are carried out at the market rate.
32. The Authority notes that responding producers/exporters of the subject goods from China PR have submitted their questionnaire responses and two of them have submitted response to the market economy questionnaire consequent upon the initiation notice issued by the Authority and rebutted the non-market economy presumption. The questionnaire responses and the market economy responses of the responding producers and exporters as verified by the Authority have been examined for determination of normal value of the responding producers/exporter of the subject goods from the subject country as follows.

Responding producers/Exporters seeking MET

Examination of MET Claim of M/s Changzhou New Changhai Fiberglass Co. Ltd. ("NCH") and M/s Jiangsu Changhai Composite Materials Holding Co Ltd (OCH)

33. NCH and OCH have filed a questionnaire response and also a market economy response (MET) in this matter as a producer and exporter of the subject goods. It is noted that NCH produces the product concerned, sells them in the domestic market and exports them to other countries including India. In the manufacture of the product concerned, certain activities are carried out by OCH a related company on a job work basis. On the basis of the examination conducted in terms of the criteria specified in para 8(3) of the Annexure -1 of the Anti dumping rules and for the reasons explained in the verification report as well as in disclosure statement , it was found that market conditions substantially prevailed for the subject firms – OCH and NCH. Accordingly, market economy treatment was granted to NCH and OCH.

Normal value, Export Price and Dumping margin for NCH

34. During verification process, the Authority examined Appendix 2 and 3 including various adjustments claimed by it for the purpose of determining Net export price. During verification process, the Authority examined Appendix 2 and 3 including various adjustments claimed by it for the purpose of determining Net export price. During verification, the company was asked to submit all the relevant papers showing details of payment received from Indian importers. However, the company was not able to show relevant records and all the documents pertaining to transactions that it had realized the export proceeds from the Indian customers through the normal banking channels. During the verification process, the exporters In view of the same, export price could not be verified by the Authority. In view of the above, the Authority has determined the export price for M/s NCH as per facts available.
35. As no export price has been verified by the Authority in view of the fact that the responding exporter has not been able to produce all the necessary documents relating to exports of subject goods to India, it is considered appropriate not to grant separate dumping margin to M/s NCH.

Examination of MET Claim of Chongqing Polycomp International Corporation (CPIC)

36. During the verification, it was noted that the Company was originally established on August 27, 1991 under the approval of Ministry of Foreign Trade & Economic Cooperation of PRC. The original investors were Chongqing Glassfiber Factory (hereinafter referred as "CGF") which is a state owned company, PC International Inc. (hereinafter referred as "PCI"), Glass Strand Inc. (hereinafter referred as "GSI"), and Polysys Inc. (hereinafter referred as "PI"), and the registered capital was USD **** million. With regards to ownership, it is noted that M/s CPIC is a majority owned state

company and is managed by the publicly listed Yunnan Yuntianhua Co., Ltd (YYCL), Carlyle Group, one of world's largest private equity firms, as well as Shareholders from the US and Saudi Arabia.

37. In view of the fact that there is overwhelming control of state in the said company and the company is majority state owned and also the fact that majority of the directors are from state owned company, it is considered appropriate not to grant market economy treatment to CPIC. On the basis of the examination conducted in terms of the criteria specified in para 8(3) of the Annexure -1 of the Anti dumping rules and for the reasons explained in the verification report as well as in disclosure statement, MET has not been granted to CPIC in this subject investigation.

Determination of Normal value for other Producers/Exporters

38. Apart from the above producers and exporters who have submitted response to MET questionnaire and claimed MET treatment, the following producers and exporters have responded to the exporters questionnaire and offered verification of information submitted by them. These producers and exporters have not claimed market economy treatment and have sought separate dumping margins based on their export prices.
- a. Jushi Group Chengdu Co. Ltd. (producer and Exporter)
 - b. Jushi Group Co. Ltd.(Producer and Exporter)
 - c. Jushi Group Jiujiang Co. Ltd.
 - d. Shandong Taishan-PDO Glass Fiber Products Co., Ltd – producer and exporter
 - e. Taishan Fiberglass Inc. (CTG or the Company) (CTG or the Company).
 - f. Taishan Fiberglass Zoucheng Co., Ltd. (“Zoucheng”, the Company)
 - g. PPG Sinoma Jinjing Fiber Glass Company, Ltd.
 - h. Zhejiang Jiashan Glass Fibre Weaving Factory
39. It is noted that none of the these producers and exporters have filed the MET response and they have also not claimed MET treatment in this response. The Authority recalls that as per Paragraph 8 of the Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. In this case, the cooperating exporters/producers of the subject goods from China were required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the criteria as listed in the subject rules. However, as these producers and/ exporters have not submitted market economy questionnaire response in terms of the above rules, the normal value has been constructed based on the criteria as mentioned below.

Determination of Normal Value for producers and exporters in China PR who have not claimed MET and also for those whose MET Claim has not been accepted

40. *In this connection Para 7 of Annexure I of the Rule provides that*

“In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments”

41. As stated above, Authority does not consider it appropriate to give market economy treatment to the Chinese producers. Therefore, normal value is being determined in accordance to the Rules. In the initiation notification, comments were invited from all interested parties about suitability of Korea as appropriate surrogate country for determination of normal value for China. Subsequent to the initiation, some of the interested parties have opposed consideration of Korea as surrogate country. It has been claimed that Authority should consider representativeness of market, size of concerned market, the fact whether volume of transaction used in analogue country is at least 5% of export from such NME country to India, openness of market, effective competition, access to raw materials, and whether there is significant difference in access to raw material in subject country and analogue country. Further, one interested party has given reference of EC case relating to gas fuelled non refillable flint lighter from China. It is further claimed by them that India is appropriate surrogate country to China and normal value in China should be determined considering India as surrogate country.

42. The views/submissions of interested parties in this regard have been examined. In view of the arguments advanced, the Authority has not taken Korea RP as a surrogate country for determination of normal value for China PR. The Authority has constructed the normal value for China PR considering international prices of major raw materials, consumption factor of domestic industry and conversion cost of domestic industry. The normal value has been determined separately for each type of product concerned before determining for product under consideration as a whole. .

Export Price for cooperating exporters

General methodology followed

43. For the responding exporters, the export price has been determined after taking into account their prices to India given in their appendix wise information and all adjustments claimed by them and verified by the Authority. It may be recalled that the Authority had verified the information submitted by the cooperating producer and exporter. The Net export price has been determined after adjustment for ocean freight, marine insurance, commission, inland freight, port expenses, bank commission, credit costs, and VAT refund etc. as per information provided by these exporters and verified by the Authority.

Export Price for M/s CPIC

44. It was noted during the verification that the company does not keep its records on the basis of sales made to various countries. Instead, the company maintains a customer wise records (Ledger Accounts) in their ERP system and during verification, the sales records of the Indian customers were reconciled with the Appendix 2 and 3 barring minor variations. It was noted that the company has exported DR, AR, CS and CSM during POI to India and export prices were determined on a weighted average basis after considering all the transactions. The Net export price has been determined after adjustment for ocean freight, marine insurance, commission, inland freight, port expenses, bank commission, credit costs, and VAT refund etc. as per information provided by the exporter and verified by the Authority.

Export Price for Shandong Taishan – PDO Glass Fibre Products Co. Ltd (PDO), Taishan Fibreglass Inc. (CTG), Taishan Fibreglass Zoucheng Co Limited (Zoucheng).

45. It is noted that Shandong Taishan – PDO Glass Fibre Products Co. Ltd have exported Chopped Strand (CS) produced by itself as also through Taishan Fibreglass Inc. Taishan Fibreglass Inc. is also producer of product concern. Taishan Fibreglass Inc. have exported Direct Roving (DR), Assembled Roving(AR) and Chopped Strand Mats (CSM) to India produced by itself and Chopped Strands produced by Shandong Taishan – PDO Glass Fibre Products Co. Ltd. Taishan Fibreglass Zoucheng Co Limited have also exported Direct Roving and Assembled Roving through Taishan Fibreglass.
46. These companies have furnished transactions relating to exports to India in Appendix 2. Adjustments have been claimed on account of ocean freight, marine insurance, credit cost etc. The Net export price has been determined after adjustment for ocean freight, marine insurance, commission, inland freight, port expenses, bank commission, credit costs, and VAT refund etc. as per information provided by the exporter and verified by the Authority.

Export Price for PPG Sinoma Jinjing Fibre Glass Company Ltd. (PPG)

47. During verification process, the Authority examined Appendix 2 and 3 including various adjustments claimed by it for the purpose of determining Net export price. During

verification, the company was asked to submit all the relevant papers showing details of payment received from Indian importers. However, the company was not able to show relevant records and all the documents pertaining to transactions that it had realized the export proceeds from the Indian customers through normal banking channels. In view of the same, export price could not be verified by the Authority. In view of the above, the Authority has determined the export price for M/s PPG as per facts available.

Export Price for Jushi Group Chengdu Co Limited, Jushi Group Jiujiang Co Limited, Jushi Group Co Ltd. (Jushi Tongxiang)

48. It is noted that M/s Jushi Group Chengdu Co Limited have exported Direct Roving and Assembled Roving, Jushi Group Jiujiang Co Limited have exported Direct Roving and Chopped Strands and Jushi Group Co Ltd. (Jushi Tongxiang) have exported Direct Roving, Assembled Roving, Chopped Strand and Chopped Strand Mats to India.
49. These companies have furnished transactions relating to exports to India in Appendix 2. Adjustments have been claimed on account of ocean freight, marine insurance, credit cost etc. Adjustments claimed have been allowed for the purpose of determination after verification. It is noted that all three companies have produced and exported the subject goods to India to their affiliated company M/s Jushi (India) FRP Accessories Pvt Ltd, Mumbai in which it has a ****% stake. The subject goods have been sold to India either on a high sea sale basis or on stock and sale basis. On the basis of verification, the Authority has worked out CIF and Net export price in respect of each of three producers and exporters after taking into account expenses of Indian subsidiary and profit.

Export Price for Jiashan Glass Fibre weaving Factory, China PR (Jiashan)

50. M/s Jiashan Glass Fibre weaving Factory, China PR had submitted their response after the provisional findings. It is noted from the business licence that M/s Zhejiannng Jiashan Glass Fibre Weaving factory was established in 1997 by one person, who holds 100% share of the factory. This factory is a sole proprietorship firm. During the verification it was found that they procure Rovings from three companies and produce CSM. It was further noted that the response filed by them was not accompanied with response from producers of Roving, which was a product under consideration. Out of the three suppliers of Roving only one supplier namely M/s- Jushi Group have participated in the current investigation and they have also not submitted information on domestic sales. Further, the company was not able to show relevant records and all the documents pertaining to exports transactions that it had realized the export proceeds from the Indian customers. In view of the same, export price could not be verified by the Authority. In view of the above, the Authority has determined the export price for M/s Jishan as per facts available.

Export Price for Others (non cooperating exporters)

51. In case of non cooperating exporters and cooperating exporters from China PR whose data have not been accepted by the Authority following examination and verification,

export price including adjustments has been determined as per facts available. Adjustments have been made on account of ocean Freight, Marine insurance, credit cost etc as per facts available.

Determination of Dumping margins for cooperating producers and exporters

52. The Authority has worked out separate dumping margin for each grade before determining the dumping margin for the product as a whole for every cooperating producer and exporter. The dumping margins and dumping margin in percentages are mentioned in the table below for product as a whole.

Dumping margin for related producers and Exporters

53. It is noted that in the subject investigations many cooperating producers and exporters are related to each other and form a group of related companies. It has been a consistent practice of the Authority to consider related exporting producers or exporting producers belonging to the same group as one single entity for the determination of a dumping margin and thus to establish one single dumping margin for them. This is in particular because calculating individual dumping margins might encourage circumvention of anti-dumping measures, thus rendering them ineffective, by enabling related exporting producers to channel their exports to India through the company with the lowest individual dumping margin.
54. In accordance with the above, the relating exporting producers belonging to the same group were regarded as one single entity and attributed one single dumping margin which was calculated on the basis of the weighted average of the dumping margins of the cooperating producers in the respective groups

Producer	Exporter	DM US\$/Kg	DM%	Group DM %
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	****	****	25-35
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc	****	****	
M/s Taishan Fiberglass Inc. (CTG)	M/s Taishan Fiberglass Inc. (CTG)	****	****	
M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG)	****	****	

M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	****	****	20-30
M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	****	****	
M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	****	****	
M/s Chongqing Polycomp International Corporation (CPIC)	M/s Chongqing Polycomp International Corporation (CPIC)	****	****	15-25
Others	Others	****	****	50-60

G. INJURY

G.1. Submissions by the domestic industry

55. The domestic industry has argued that:

- a) Volume of dumped imports from China PR has increased very significantly in absolute terms over the injury period.
- b) Imports have increased significantly in relation to total imports, production and consumption in India.
- c) Weighted average import prices (after including basic customs duties) have been significantly below the net sales realization of the domestic industry, thus resulting in significant price undercutting.
- d) The dumped CIF export price triggered a substantial reduction in the landed price of imports. This had direct adverse impact on the domestic industry. Reduction in the landed price of imports prevented the Indian Producers from effecting legitimate price increases.
- e) With the increase in imports, the performance of the domestic industry deteriorated in terms of capacity utilization, inventories, market share, profits, return on investments, etc.
- f) The demand of the product in the country shows a positive trend whereas sales of the domestic industry at the same time show a negative trend.
- g) As a result of increase in imports in absolute term and relative to production and consumption, share of the domestic industry has declined.
- h) The export quantities of domestic industry shows continuous decrease indicating significant market share of dumped Chinese goods in the world markets.

- i) The performance of the domestic industry for product under consideration has deteriorated over the injury period.
- j) ROI (NFA Basis) of the domestic industry has significantly deteriorated over the injury period. This clearly shows the price depression and suppression effect of dumped imports from China PR that has resulted in significant losses to the domestic industry.
- k) There has been a considerable increase in the level of inventories.
- l) The dumping margin from subject country is not only more than de minimis but also very substantial. The impact of dumping on the domestic industry is significant and is gradually intensifying.

56. Following submissions have been made by domestic industry subsequent to preliminary finding

- a) Global recession does not mean recession in India. Whereas the global market was suffering from recession in this period, the demand in the Indian market increased further. Indian market was unaffected by recessionary effects.
- b) The capacities installed in India are quite comparable to the demand for the product in India. Imports from non-dumping sources need to be excluded before comparing with capacities. A very significant proportion of imports are reported in various duty exemption schemes of the Govt. of India. Since imports under duty exemption schemes are permitted without charging anti-dumping duties, this demand in any case should not be included to determine demand-supply gap. In any case, inability of the domestic industry to meet the domestic demand cannot be a factor for denying relief to the domestic industry from dumped imports.
- c) Domestic industry suffered injury due to dumping in Indian and global markets. Since dumping in Indian market alone is relevant, injury suffered in the export market is entirely irrelevant.
- d) There is significant increase in imports from China in the post investigation period. The Designated Authority should consider retrospective imposition of anti dumping duty.
- e) Chinese imports are preventing the price increases that would have occurred in the absence of dumped imports.
- f) Inventories have shown rising trend inspite of increase in demand.
- g) Even though overall domestic sales volumes of the domestic industry have increased, the domestic industry lost sales to the extent of 4700 MT. This loss in sales is directly to imports.
- h) Imports from China are available in the market at prices cheaper than domestic industry (which is evident from positive price undercutting). Consequently, whereas the volume of imports increased significantly, market share of the domestic industry declined in POI. Increase in the import volumes is only because of lower price offered by the Chinese producers;
- i) In spite of increase in sales volume, domestic industry lost market share because of significant market share is gained by Chinese imports;
- j) Imports from China are undercutting the domestic prices. Consequently, the domestic industry has been prevented from increasing the prices;

- k) Inability of the domestic industry to increase its prices because of availability of low priced dumped imports led to significant decline in profitability in the POI. The deterioration in profits is due to price undercutting suffered from China;
- l) Decline in profits as a result of price undercutting suffered led to decline in return on investment and cash profits per unit. Deterioration in these parameters is therefore due to dumping from China.
- m) Market share of the imports increased significantly and that of domestic industry declined.
- n) Growth of the domestic industry became negative in terms of profits and ROI.

G.2. Response from other interested parties

57. The following issues have been raised by the opposing interested parties

- a) There is absence of volume injury as various volume parameters like production, sales show healthy growth.
- b) There is no price injury as Domestic Industry is operating different market segment.
- c) Domestic Industry has claimed that import prices from China PR are lower than the import prices from USA or other countries. It cannot be treated as dumped goods merely because the Chinese prices are below that of USA.
- d) Following submissions have been made by opposing parties subsequent to preliminary finding
 - i. Demand is 140,000 MT whereas Indian capacity is just 80,000. Imports are necessitated to fill demand supply gap.
 - ii. The information does not show any injury. Market share decline is due to 3rd countries. Production, sales, capacity utilization, inventory etc. does not show injury.
 - iii. Global recession is the cause of injury and there is absence of causal link between dumped imports and injury to the domestic industry. The Authority has not segregated recession effect on the domestic industry.
 - iv. The claim of ROI decline cannot be correct. Profits of the domestic industry continued to be reasonable.
 - v. Financial results of petitioner shows absolutely different picture than claimed by the petitioners.
 - vi. Source of imports relied upon by the petitioner is unknown.

G.3. Examination by the Authority

58. The Authority has taken note of submissions made by the interested parties. Annexure II of AD Rules provides for objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in domestic market for the like articles; and (b) the consequent impact on domestic producers of such products. While examining 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 price effect of dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to 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 increase which would have otherwise occurred to a significant degree.

59. As regards the impact of dumped imports on the domestic industry, Para (iv) of Annexure-II of AD Rules states as under:

“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural and potential decline in sales, profits, output market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”

60. The Authority has examined the injury parameters objectively taking into account the facts and arguments of the interested parties.

Import, Demand, Volumes and Market share:-

61. Demand of the product in the Country has been assessed as the sum of domestic sales of the domestic producers and imports from all sources.

General remarks about Import and Basis of determination of import volumes

62. A request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of the subject goods made in India during the past three years and the period of investigation. The information received from DGCI&S was analyzed and the same was compared with the information received from the IBIS (secondary sources). It was found that the volume of imports reported in DGCI&S is significantly higher than the volume of imports reported by the petitioners on the basis of IBIS data. After detailed examination, it was considered appropriate to take into account the information from DGCI&S for the purpose of the present findings.
63. It is noted that imports of the subject goods from subject country has increased significantly in absolute terms during the injury period. Further, the market share of subject country has increased significantly during the same period as shown in the table.

		2005-06	2006-07	2007-08	POI (Annualised)
Imports from China	MT	5,800	12,425	16,984	25,831
Trend	Index	100	214	293	445
Other Countries	MT	10,423	12,454	6,631	2,442

Trend	Index	100	119	64	23
Total Imports	MT	16,223	24,879	23,615	28,273
Trend	Index	100	153	146	174

64. The Authority notes that imports of the subject goods from China have shown a significant increase over the injury period. Further, imports have increased significantly in absolute terms in every successive year. Imports from other countries have, at the same time, declined significantly.

Demand

65. Demand for the product under consideration increased throughout the injury period and has grown by 59% during the injury period. Further, imports of the subject goods from subject country have increased in absolute terms during the same period. It is also noted that increase in imports from subject country was more than the increase in demand.

	Unit	2005-06	2006-07	2007-08	POI (Annualised)
Sales (domestic) of Domestic industry	MT	31,921	34,384	41,741	48,373
Trend	Index	100	108	131	152
Export sales	MT	25805	20565	26081	16682
Trend	Index	100	80	101	65
Imports in India	MT	16223	24879	23615	28273
Trend	Index	100	153	146	174
Demand in India	MT	48,144	59,263	65,356	76,646
Trend	Index	100	123	136	159
Increase in					
Ø Demand	MT	-	11,119	6,093	11,290
Ø Chinese imports	MT	-	6,625	4,559	21,763
Ø Domestic industry sales	MT	-	2,463	7,357	6,632

66. It is noted that the demand for the product has successively increased over the injury period. Though sales of the domestic industry have also increased during the same period, increase in sales of the domestic industry is significantly less than increase in demand in the period of investigation. At the same time, inventories with the domestic industry increased significantly.

Imports in relation to various parameters

67. The Authority has analysed the trend of subject imports in relation to production and consumption in India. It is noted that imports of the subject goods increased in relation to

production of the like product in India during the injury period. Further this has also increased in relation to consumption as well as sales of the domestic industry in India.

	Unit	2005-06	2006-07	2007-08	POI (Annualised)
Imports from China	MT	5,800	12,425	16,984	25,831
Trend	Index	100	214	293	445
Demand in India	MT	48,144	59,263	65,356	76,646
Trend	Index	100	123	136	159
Production in India	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Chinese Imports as % of total imports	%	35.75%	49.94%	71.92%	91.37%
Trend	Index	100	140	201	256
Chinese imports as % of demand	%	12.05%	20.97%	25.99%	33.70%
Trend	Index	100	174	216	280
Chinese imports as % of Indian Production	%	10.41%	21.51%	24.90%	39.09%
Trend	Index	100	207	239	375
Chinese imports as % of domestic industry sales	%	18%	36%	41%	53%
Trend	Index	100	199	224	294

Market share of domestic industry

68. The Authority has determined the market share of the domestic industry by taking into account the total demand of the subject goods and sales of the domestic industry. It is noted from the table below that the market share of the domestic industry declined by 3% during the injury period while at the same time market share of subject goods from China PR has increased by 22% during the same period. The decline in market share of the domestic industry is considered significant.

	Unit	2005-06	2006-07	2007-08	POI
Domestic industry	%	66%	58%	64%	63%
Trend	Index	100	88	96	95
Imports from China	%	12%	21%	26%	34%
Trend	Index	100	174	216	280
Imports from third countries	%	22%	21%	10%	3%
Trend	Index	100	97	47	15

Price effect of imports

69. With regard to the effect of the dumped imports on prices, it has been examined whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. A comparison for product concerned was made between the landed value of exported product and the average selling price of the domestic industry for domestic market net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex factory level. This comparison showed that during the period of investigation, the subject goods originating in China were sold in the Indian market at prices which were lower than the domestic industry's prices. It is thus seen that imports were undercutting the domestic prices and margin of undercutting is considered significant.

	Unit	2005-06	2006-07	2007-08	POI
Landed Price	Rs/Kg	****	****	****	****
Trend	Index	100	98	95	104
Selling Price of Domestic Industry	Rs/Kg	****	****	****	****
Trend	Index	100	95	96	98
Price undercutting	Rs/Kg	****	****	****	****
Price Undercutting %	Index	20-26%	20-25%	22-27%	18-25%

70. The Authority has also examined price depression, price suppression and price underselling if any, suffered by the domestic industry on account of dumped imports from subject country. After examination, it is determined that that the domestic Industry is forced to decrease the selling price more than the decrease in the cost of production over the injury period. The price depression is considered significant especially since 2006-07 onwards. It is also noted that the domestic industry has suffered significant price underselling during the investigation period.

	Unit	2005-06	2006-07	2007-08	POI
Net Selling Price of Domestic Industry	Rs/Kg	****	****	****	****
Trend	Index	100	95	96	98
Cost of Sales – Domestic	Rs/Kg	****	****	****	****
Trend	Index	100	97	96	102
Non Injurious Price Rs/Kg					****
Landed Price Rs/Kg					****
Price underselling Rs/Kg					****
Price underselling (%)					20-30%

71. It is thus determined that whereas the costs increased by approx 2% in POI, the selling price of domestic industry declined by 2% during the same time. Hence, it is noted that domestic industry rather than increasing its sales price of subject goods had to reduce its selling prices. It is thus concluded that the imports from subject country are causing price suppression.

Economic parameters of the domestic industry

72. Annexure II to the AD Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of like product. The Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. An examination of performance of the domestic industry reveals that the domestic industry has suffered material injury. The various injury parameters relating to the domestic industry are discussed below.

(i) Production

73. The production is shown in the table below.

	Unit	2005-06	2006-07	2007-08	POI Annualized
Production	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Demand	MT	48,144	59,263	65,356	76,646
Trend	Index	100	123	136	159
Capacity Utilization	%	94%	97%	98%	90%
Trend	Index	100	104	105	95

It is noted that the production has increased by 19% in POI. Further it is noted that the demand for the product has increased by 59% and the Domestic Industry had unutilized capacity in POI. Thus, the Authority determines that there was a further scope for increase in production of subject goods by domestic industry during the POI and even though the production of the domestic industry has increased, the same was adversely impacted due to inability of the domestic industry to sell the material.

(ii) Capacity & capacity utilization

74. The trend of capacity & capacity utilization of the domestic industry is mentioned in the table below:

	Unit	2005-06	2006-07	2007-08	POI Annualized
Production	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Demand	MT	48,144	59,263	65,356	76,646
Trend	Index	100	123	136	159
Installed capacities	MT	59,300	59,300	69,300	73,667
Trend	Index	100	100	117	124
Capacity Utilization	%	94%	97%	98%	90%
Trend	Index	100	104	105	95

It is noted that the capacity utilization of the Domestic Industry has declined over the injury period, except in 2006-07 and 2007-08 when it was higher. Further, the decline in capacity utilization is significant despite significant increase in the demand over the period.

(iii) Domestic sales

75. The domestic sales of Domestic Industry moved as shown in table below

	Unit	2005-06	2006-07	2007-08	POI Annualized
Domestic Sales	MT	31,921	34,384	41,741	48,373
Trend	Index	100	108	131	152
Export sales	MT	25805	20565	26081	16682
Trend	Index	100	80	101	65
Demand	MT	48,144	59,263	65,356	76,646
Trend	Index	100	123	136	159
Average Inventory	MT	5,220	5,463	5,042	5,909
Trend	Index	100	105	97	113
Average Inventory as days sales	MT	33	36	27	33
Sales as a % of demand	%	66.30%	58.02%	63.87%	63.11%
Changes in					
Domestic Sales			2,463	7,357	6,632
Demand			11,119	6,093	11,290

It is noted that the domestic sales has increased over the injury period. Further it is noted that the demand for the product has also increased over the injury period. The domestic

industry has argued that they have lost significant sales due to presence of dumped imports into the country. Authority further noted that inventory of the domestic industry increased significantly.

(iv) Profitability

76. The profitability of the domestic industry in respect of domestic like product has been examined only in respect of domestic sales. It is seen that profitability of the domestic industry for the subject goods has significantly deteriorated in the POI.

	Unit	2005-06	2006-07	2007-08	POI Annualized
Cost of Sales	Rs/Kg	****	****	****	****
Trend	Index	100	97	96	102
Net Sales Realization	Rs/Kg	****	****	****	****
Trend	Index	100	95	96	98
Profit/loss	Rs/Kg	****	****	****	****
Trend	Index	100	64	94	54
Profit/loss	Rs in lacs	****	****	****	****
Trend	Index	100	68	122	82

It is noted that the profitability declined in both respect – profit per unit of sales and total profit earned from domestic sales of the product under consideration. The decline in total profits is despite increase in sales volumes. Thus, profits earned by the domestic industry declined significantly despite increase in the sales volumes.

(v) Employment and Wages

77. Employment with the domestic industry and wages paid were as follows:-

	Unit	2005-06	2006-07	2007-08	POI Annualized
Employment	Nos	989	1003	1030	1030
Trend	Index	100	101	104	104
Wages	Rs. Lacs	2932	3233	3920	4439
Trend	Index	100	110	134	151
Wage per employee	Rs.	2.96	3.22	3.81	4.31
Trend	Index	100	109	128	145

It is seen that the production has increased over the injury period and so the employment and wages have increased over the injury period. This parameter does not indicate any injury or otherwise to the domestic industry.

vi) Productivity

78. Productivity of the domestic industry was as follows

	Unit	2005-06	2006-07	2007-08	POI Annualized
Productivity per Employee	No/MT	****	****	****	****
Trend	Index	100	102	118	114
Per day (considering 350 days production)	MT/Day	****	****	****	****
Trend	Index	100	104	122	119

It is seen that the productivity has increased over injury period. The production has increased over the injury period and so the productivity shows a similar trend.

(vii) Return on investments and cash flow

79. The return on investment has been determined considering profit before interest and capital employed for the product. Impact on cash flow has been determined considering profit before depreciation but after interest cost. It is noted that return on capital employed have significantly deteriorated in POI.

	Unit	2005-06	2006-07	2007-08	POI Annualized
Profit/loss	Rs./Lacs	****	****	****	****
Trend	Index	100	68	122	82
Depreciation	Rs./Lacs	****	****	****	****
Trend	Index	100	120	114	151
Cash Profit	Rs./Lacs	****	****	****	****
Trend	Index	100	96	118	119
Return on capital employed - NFA Basis	%	****	****	****	****
Trend	Index	100	53	76	55
Capacity installed	MT	****	****	****	****
Trend	Index	100	100	117	124

The cash profits have seen an increase. It is noted that the while profit has significantly declined, the depreciation has increased. The capacity installed has also increased. It is noted that due to asset additions on account of increase in capacity by 24%, the depreciation has increased by 51% and the cash profits have increased by 19%.

(viii) Inventories

80. It is noted that there is significant increase in the level of inventories in the POI.

	Unit	2005-06	2006-07	2007-08	POI Annualized
Average Inventory	MT	5,220	5,463	5,042	5,909
Trend	Index	100	105	97	113
Average Inventory as days sales	MT	32	35	26	32
Trend	Index	100	110	82	100
Domestic sales	MT	31,921	34,384	41,741	48,373
Trend	Index	100	108	131	152

Thus, the increase in inventories is not only absolute but also relative to sales. The domestic industry highlighted at the time of on the spot verification how the constituents of the domestic industry were forced to store the material even at locations which were not meant for storage of finished goods and notwithstanding the best safety guidelines followed by the domestic industry. Domestic industry also highlighted that the domestic industry largely produces the goods without firm orders and in anticipation of orders from the customers. The product is not “made to order item” and is largely “made to inventories” item. The domestic industry has submitted that they follow a policy wherein the efforts are to continue production to the extent possible in order to contain costs.

(ix) Growth

81. Information with respect to growth in various parameters is given in the table below. It is seen that growth in terms of some volume is positive & some volume parameters and price parameters is negative.

	Unit	2005-06	2006-07	2007-08	POI Annualized
Production	%	-	4%	18%	-3%
Domestic sales	%	-	8%	21%	16%
Inventories	%	-	5%	-8%	17%
Cost of sales per kg	%	-	-3%	-1%	7%
Selling price per kg	%	-	-5%	2%	2%
ROI	%	-	-47%	44%	-28%

It is noted that growth of the domestic industry with regard to volume parameter as reflected in production & capacity utilization became negative in period of investigation whereas the same continued to be positive in respect of domestic sales. Inventories have surged over the period. With regard to price parameters, whereas cost of sales and selling

price have shown a decline trend, the growth in profits, return on investment and cash profits is negative on year on year basis.

(ix) Ability to raise capital investments

82. It is noted that the domestic industry has enhanced capacities in 2007-08 and thereafter in period of investigation, for which fresh investments have been made. It is, however, noted that the enhancement of capacity has to be seen along with significant increase in demand of the product in the country and the fact that domestic industry has been profitable in the past with regard to production and sale of the product in the Country.

83. The Petitioner has argued that given the current state of affairs where the product is consistently not performing well because of persistent dumping, substantial fresh investments cannot even be imagined. It is provisionally held that continued dumping of the product and decline in financial performance are bound to adversely impact the ability of the domestic industry to raise capital investments.

(x) Level of dumping and dumping margin

84. The dumping margin established hereinabove in respect of responding exporters and non cooperative exporters are considered significant and above the de minimis level.

F. CAUSAL LINK

85. The Authority has examined whether other factors listed under the AD Rules could have contributed to injury to the domestic industry. It was found as follows

(i) Imports from third countries.

86. The Authority has collected the transaction-wise imports data of the subject goods from DGCI&S. Imports beyond de-minimus limits had been reported only from USA. Since there are significant imports from USA, the import price from USA has been examined in detail and compared with import price from China. It is found that import prices from USA were consistently higher than import prices from China. The extent of the difference has been quite significant.

(ii) Contraction in demand

87. The Authority notes that the demand for the subject goods has shown significant improvement during the injury period. Possible contraction in demand could not have caused injury to the domestic industry.

(iii) Changes in the pattern of consumption

88. The pattern of consumption with regard to the product under consideration has not undergone any change, nor there is any quantified allegation in this regard. The investigation so far has not shown existence of alternate competing products and possible injury being caused by such alternate products.

(iv) Trade Restrictive practices of and competition between foreign and domestic producers

89. The Authority notes that there is a single market for the subject goods where dumped imports from China PR compete directly with the subject goods supplied by the domestic industry. It is noted that the imported subject goods and domestically produced goods are like articles and are used for similar applications/end uses. There is no evidence of trade restrictive practices of and competition between the foreign producers and domestic producers causing injury to the domestic industry.

(v) Developments in Technology

90. There is no allegation of developments in technology, nor the investigation so far has shown that possible injury to the domestic industry could have been caused by developments in technology.

(vi) Export performance

91. The petitioner has significant exports. However, the Authority has considered only domestic operations and domestic profitability.

(vii) Productivity of the Domestic Industry

92. There is no material change in productivity of the domestic industry. Possible decline in productivity cannot be the reason for the established injury to the domestic industry.

Effect of dumped imports

93. The Authority notes that the following parameters show that material injury to the domestic industry is due to dumped imports.

(a) The dumped imports from subject country have significantly increased over the injury period. Resultantly, the market share of the domestic industry declined.

(b) Dumped imports from subject country is depressing the prices of the domestic industry. As, the domestic industry has tried to align its selling prices close to the landed prices, there has been a decline in prices more than decrease in cost of production. It is

noted that price depression being felt by the domestic industry is due to lower prices of dumped imports from China PR and this depression has increased from 2006-07 when the volume of imports have also increased significantly.

(c) Thus, it is noted that the domestic industry is forced to decrease prices in due to presence of dumped imports in the market resulted in decline in profits and return on investment.

94. The Authority has determined non-injurious price for the domestic industry taking into consideration cost of production of the domestic industry. This non-injurious price of the domestic industry has been compared with the landed values of the subject imports to determine injury margin. In line with the determination of dumping margins, the injury margin has also been determined for the related companies together taking them as one entity. The injury margins have been worked out as follows:

Table showing Injury Margin

Producer	Exporter	IM Rs/Kg	Group	IM%	Group
			IM Rs/Kg		IM %
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	****	**** **** **** ****	****	15-25
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc	****		****	
M/s Taishan Fiberglass Inc. (CTG or the Company)	M/s Taishan Fiberglass Inc. (CTG or the Company)	****		****	
M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG or the Company)	****		****	
M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	****	**** ****	****	15-25
M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	****	****	****	
M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	****		****	

M/s Chongqing Polycomp International Corporation (CPIC or the Company)	M/s Chongqing Polycomp International Corporation (CPIC or the Company)	****	****	****	
Others	Others	****	****	****	5-10 30-40

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

G Conclusion on Injury and causation

96. There has been a significant increase in the volume of dumped imports from China PR at the absolute level and also in relation to demand of subject goods in India. It is noted that the market share of the dumped imports has increased and that of domestic industry has declined. The dumping margin from subject country has been determined and is considered significant. Capacity utilization of the domestic industry has declined and inventories with the domestic industry have increased. Thus, the dumped imports from subject country show adverse volume effect.

97. It is also noted that the dumped imports were undercutting the prices of the domestic industry in the market. It is also determined that the dumped imports have had significant adverse price effect in terms of price depression which in turn have led to significant deterioration in profits and return on investments. Therefore, the Authority concludes that the domestic industry has suffered material injury and such injury has been caused significantly by price and volume effects of dumped imports from the subject country.

98. The Authority therefore, holds that material injury to the domestic industry has been caused by the dumped imports of subject goods from the subject country.

H. Conclusions:

99. After examining the submissions made by the interested parties and issues raised therein; and considering the facts available on record, the Authority concludes that:

- (a) The product under consideration has been exported to India from the subject country below Normal values.
- (b) The domestic industry has suffered material injury on account of subject imports from subject country.
- (c) The material injury has been caused by the dumped imports of subject goods from the subject country.

I. Indian industry's interest & other issues:

100. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way; and therefore, would not affect the availability of the product to the consumers.
101. It is recognized that the imposition of anti-dumping duties might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of these product. However, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

J. Recommendations

102. The Authority notes that the investigation was initiated and it was notified to all interested parties. Adequate opportunity was given to the exporters, importers and other interested parties to provide information on the aspects of dumping, injury and causal link. Having initiated and conducted a investigation into dumping, injury and the causal link thereof in terms of the AD Rules and having established positive dumping margins as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of duty is required to offset dumping and injury. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. It is noted that there is a significant differentiation of the product in terms of prices.

Therefore, Authority recommends imposition of anti-dumping measure as an ad valorem duty, to be worked out as a percentage of the CIF value of imports of the subject goods from the subject country. Accordingly, antidumping duty equal to the amount arrived at by applying the percentage indicated in Col 9 of the duty as below is recommended to be imposed on all imports of subject goods originating in or exported from China PR.

Duty table

Sl. No	Heading /	Description of goods	Specification	Country of Origin	Country of Exports	Producer	Exporter	% of CIF Value
1	2	3	4	5	6	7	8	9
1	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	20.89
2	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc.	20.89
3	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Taishan Fiberglass Inc. (CTG)	M/s Taishan Fiberglass Inc. (CTG)	20.89
4	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG)	20.89
5	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	18.67
6	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	18.67

7	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	18.67
8	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Chongqing Polycomp International Corporation (CPIC)	M/s Chongqing Polycomp International Corporation (CPIC)	7.46
9	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	Others	Others	40.91
10	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	Any country other than China PR	Any	Any	40.91
11	7019	Glass Fibre as described below (*)	Glass Fibre as described below	Any country other than China PR	China PR	Any	Any	40.91

(*) glass fibre, including glass roving (assembled rovings(AR), direct rovings (DR)), glass chopped strands(CS), glass chopped strands mats(CSM). Specifically excluded from the scope of the product under consideration are glass wool, fibre glass wool, fibre glass insulation in wool form, glass yarn, glass woven fabrics, glass fibre fabric, glass woven rovings and chopped strands meant for thermoplastic applications, micro glass fibre used in battery separator, surface mat/surface veil/tissue.

L. Further Procedure

103. Subject to the above, the Authority confirms the preliminary findings
104. An appeal against the findings after its acceptance by the Central Government shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff Rules, 1995.

(P.K Chaudhery)
Designated Authority