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**No.14/13/2006-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 12th February 2007

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping investigations concerning imports of Acetone originating in or exported from Korea-ROK and Russia.

No.14/13/2006-DGAD, M/s Hindustan Organic Chemicals Ltd., Mumbai, and M/s Schenectady Herdillia Ltd., Mumbai (renamed as M/s SI Group-India Ltd.) have filed an application before the Designated Authority (herein after referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on dumped articles and for determination of injury) Rules, 1995(herein after referred to as Rules) for initiation of anti dumping investigation concerning alleged dumping of Acetone (hereinafter referred to as subject goods) originating in or exported from Korea-ROK and Russia (hereinafter referred to as subject countries).

AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of subject goods by the subject countries, injury to the domestic industry and causal links between the dumping and injury exist, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the injury to the domestic industry.

Domestic Industry

2. Application has been filed by M/s Hindustan Organic Chemicals Ltd., Mumbai, and M/s Schenectady Herdillia Ltd., Mumbai through TPM Consultants, New Delhi on behalf of the domestic industry. As per the evidence available applicant has the standing to file the case for anti dumping investigation on behalf of domestic industry as per Rule 2(b) and Rule 5(3)(a) of Anti Dumping Rules.

Product under consideration

3. The product under consideration is “Acetone” which is being dumped in the Indian market by the exporters from Korea-ROK and Russia.

4. Acetone is a basic organic chemical produced in single grade. It is a colourless liquid with an agreeable ether-like odour. It is used in numerous organic synthesis either as solvent or as an intermediate. It is used in manufacture of bulk pharmaceuticals, agro-chemicals, dyestuffs, certain explosives and downstream chemicals. Acetone is specifically used in manufacture of Isophorone, Diacetone, Alcohol, Methyl Methacrylate and Bishphenol A. Besides this, it is used in manufacture of certain rubber chemicals or Oxy Acethylene Cellulose Acetate. Acetone is classified under Chapter 29 of the Custom Tariff Act, 1975 under the sub-heading 29141100. The Custom classification is indicative only and not binding on the scope of investigation.

Like Articles

5. The applicant has claimed that the goods produced by them are “like articles” to the goods originating in or exported from the subject countries. Acetone produced by the domestic industry and imports from subject countries are comparable, technically and commercially substitutable in terms of characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing, and tariff classification of the goods. Therefore, for the purpose of investigation the Acetone produced by the applicant is being treated as **like articles** of Acetone imported from subject countries within the meaning of the Anti Dumping Rules.

Countries involved

6. The countries involved in the present investigation are Korea-ROK and Russia.

Normal Value

7. The Authority notes that the applicant has claimed normal value of subject goods in subject countries based on estimated cost of production by considering the published prices of major inputs and estimates of conversion cost by taking appropriate values of utilities in countries of origin. The Authority has prima-facie considered the normal value of subject goods in subject countries on the basis of estimated cost of production as made available by the applicant and it has been considered by the Authority for the purpose of initiation.

Export Price

8. The export prices have been claimed on the basis of data obtained from Director General Commercial Intelligence and Statistics, Kolkata. Price adjustments have been claimed on account of Ocean freight in the countries of export, port handling and port charges, commissions etc to arrive at the net export price. There is sufficient evidence of export prices and the adjustments claimed by the applicant for the subject goods from the subject countries.

Dumping Margin

9. There is sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices indicating prima-facie that the subject goods are being dumped by the exporters from the subject countries. The domestic industry has claimed that there is a significant variation of prices of subject goods during POI, therefore, the dumping margin be calculated by comparing normal values and export prices on transaction to transaction basis. The Designated Authority may calculate the dumping margins by comparing normal values and export prices on transaction to transaction basis, therefore, interested parties may submit required data and make submissions in this regard.

Injury and Causal Link

10. The applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of fall in their market share because of increased volume of dumped imports, price undercutting, price underselling, lost sales and substantial decline in profitability for the domestic industries. There is sufficient prima-facie evidence of the material injury being suffered by the applicant caused by dumped imports from subject countries.

Period of Investigation

11. The period of investigation (POI) for the purpose of present investigation is 1st July 2005 to 30th June 2006. The injury investigation period will however cover the periods April,2003-March,04, April,2004–March,2005, April,2005-March,2006 and the POI.

Submission of information

12. The exporters and importers known to be concerned and domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

**The Designated Authority
(Directorate General of Anti-Dumping & Allied Duties)
Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhavan, New Delhi-110011.**

Time limit

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the facts available on record in accordance with the Rules supra.

INSPECTION OF PUBLIC FILE

14. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

15. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2), for the confidential information provided as per Rule 7 (1) of the Rules supra.

16. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Governments as deemed fit.

**(Dr. Christy Fernandez)
The Designated Authority**