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File no 14/11/2013

Government of India

Ministry of Commerce & Industry

Directorate General of Anti-dumping & Allied Duties

Udyog Bhawan, New Delhi

Dated the September 5, 2013

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping Duty investigation concerning imports of 'Electrical Insulators' originating in or exported from China PR.

No14/11/2013 DGAD: M/s WS Industries (India) Ltd., M/s Modern Insulators Limited; M/s Insulators and Electrical Company, M/s Bharat Heavy Electrical Limited and M/s Aditya Birla Nuvo Ltd have filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the 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, 1995 as amended from time to time (hereinafter referred to as the AD Rules) for initiation of Anti-Dumping Duty investigation concerning imports of electrical Insulators (hereinafter also referred to as the subject goods) originating in or exported from China PR (hereinafter also referred to as the subject country). M/s WS Industries (India) Ltd., M/s Modern Insulators Limited; M/s Insulators and Electrical Company, M/s Bharat Heavy Electrical Limited and M/s Aditya Birla Nuvo Ltd have provided the relevant information necessary for initiation.

2. AND WHEREAS, the Authority finds that sufficient evidence of dumping of the subject goods originating in or exported from the subject country; 'injury' to the domestic industry; and causal link between the alleged dumping and 'injury' exist to justify initiation of an anti-dumping investigation; 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 AD 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 & Standing

3. The petition has been filed by WS Industries (India) Ltd., Modern Insulators Limited; Insulators and Electrical Company, Bharat Heavy Electrical Limited and Aditya Birla Nuvo Ltd. There are a number of other producers of the product under consideration in India. The Authority has noted that Modern Insulators Limited, Insulators and Electrical Company, Bharat Heavy Electrical Limited and Aditya Birla Nuvo Ltd have certified that there are no imports of the product under consideration by them.. The petitioners have stated that WS

Industries (India) Ltd. imported low end unfinished articles of the product under investigation. WSI has stated that the company has already stopped importing the product from China and there are no pending order for supplies from China, nor company is negotiating any orders with Chinese suppliers. Imports made by the WSI constitute approx 15.47% of its production, 2.75% of total imports from China and 1.22% of consumption in India during the period of investigation. The Authority is of the view that the focus of WS Industries (India) Ltd has not turned to imports and the company is not behaving like an importer trader. The focus of the company continues to be of a producer and do its own production. The company has been considered as eligible domestic industry within the meaning of the Rules.

4. The Authority further notes that the total production of the petitioners, viz., Modern Insulators Limited; WS Industries (India) Ltd, Insulator and Electrical Company, Bharat Heavy Electrical Limited and Aditya Birla Nuvo Ltd during the Period of Investigation (POI) is significantly beyond 50% of Indian production. The Authority, therefore, determines that the petitioners have standing to file the present petition and petitioner companies constitute Domestic Industry within the meaning of the Anti Dumping Rules for the purpose of present investigation.

Product under consideration

5. The product under consideration for the purpose of present investigation is “Electrical insulators of Glass, or Ceramics/Porcelain, whether assembled or unassembled, excluding (a) telephone or telegraph insulators of voltage rating up to 1 kV, (b) electrical or electronic appliances/device insulators of voltage rating up to 1 kV, and (c) composite insulators”

6. The petitioners have submitted that Insulators can be either of porcelain or of glass. Porcelain Insulators are produced using clay, silica, feldspar and metal parts; while glass insulators are produced using silica and metal parts. Both constitute one article, considering the characteristics of these two types, manufacturing process, functions, uses and prices. In fact, the product is a technology neutral product. Power Grid Corporation has floated tenders for procurement of insulators which can be of glass or porcelain. Power Grid Corporation has placed no distinction between glass and porcelain insulators and has placed orders solely on the basis of prices. Power Grid Corporation has not made any technical distinction between the two products. Further, the product is sometimes invoiced by the suppliers without reference to “glass” or “porcelain”. The commercial invoice available in respect of manufacturers of glass insulators does not refer to “glass”. Import data of the product under consideration also at several instances does not refer to “glass”. It is, thus, evident that the mere difference in the two types is in the form of raw material and production technology, which does not lead to two distinct articles. The article produced through two different technologies clearly constitutes one article only.

7. The main function of Electrical Insulator is to insulate one conducting body from another at high voltage areas, or to insulate a body which can transmit electrical energy to the surrounding, at areas where such transmission of electrical energy has to be avoided. Typical applications of electrical insulators are in Bushings, Disconnectors, Circuit breakers, Transformers, Power transmission and distribution lines, including railways, Electrostatic Precipitators etc. Glass or Porcelain insulators are

classified under customs heading 8546 under Chapter 85 of the Customs Tariff Act.

Like Articles

8. The petitioners have claimed that there is no known difference in porcelain insulators imported from China PR and produced by the petitioner companies. As regards glass insulators, there is some difference in technology adopted in production of glass and porcelain insulators. However, the product is technology neutral product and the steps involved in production process are similar. Further, since some of the raw materials involved are different, the operating parameters for handling the raw materials differ, thus leading to some difference in plant & equipment. Porcelain insulators produced by the domestic industry are commercially substitutable with glass insulators. The consumer like Power Grid Corporation of India Limited uses glass insulators and ceramic insulators interchangeably. Therefore, for the purpose of the present investigation, the Authority has considered that porcelain insulators produced by the domestic industry are comparable to porcelain and glass insulators imported from China PR in terms of essential product characteristics such as physical & technical characteristics, functions & uses, product specifications, and tariff classification. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable. The Authority, therefore treats the subject goods produced by the domestic industry as 'Like Article' to the subject goods being imported from the subject country.

Subject Country

9. The country involved in the present investigation is China PR.

Normal value

10. The Petitioners have submitted that China PR should be treated as a non-market economy and the normal value should be determined in accordance with para-7 of Annexure-I to the Rules. The petitioners have claimed normal value of porcelain insulators on the basis of cost of production in India, duly adjusted to including selling, general & administrative expenses and reasonable profits; stating that information relating to cost or price in a market economy third country is not available at this stage. For glass insulators, normal value has been determined on the basis of normal value of porcelain insulators duly adjusted. Petitioners have submitted that the product is consumed in numbers, whereas the present calculations of dumping margin are on weight basis. The normal value claims by the Petitioners have been considered for the purposes of initiation.

Export Price

11. The Petitioners have claimed export prices on the basis of China Customs data to assess the volume and value of imports in India. Separate export price has been determined for porcelain and glass insulators duly adjusted. Price adjustments have been made on account of commission, port expenses, inland freight and bank charges to arrive at the net export price.

Dumping Margin

12. The Petitioners have provided sufficient evidence that the normal values of the subject goods in the subject country are significantly higher than the net export prices, prima-facie, indicating that the subject goods originating in or exported from the subject country are being dumped, to justify initiation of an antidumping investigation.

Injury and Causal Link

13. Information of petitioners has been considered for assessment of injury to the domestic industry. The Petitioners have furnished evidence regarding the 'injury' having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption in India, significant price undercutting and price depression and consequent significant adverse impact in terms of production, capacity utilization, domestic sales volumes, inventories, market share, profits, return on capital employed, and cash flow for the domestic industry. There is sufficient evidence of the 'injury' being suffered by the domestic industry caused by dumped imports from subject country to justify initiation of an antidumping investigation.

Period of Investigation

14. The period of investigation (POI) for the purpose of present investigation is from 1st April, 2012 to 31st March, 2013. However, for the purpose of analyzing injury, the data of previous three years, i.e. Apr'09-Mar'10, Apr'10-Mar'11, Apr'11-Mar'12 and the proposed period of investigation has been considered.

Submission of information

15. The known exporters in the subject country and its Government through its Embassy in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

**The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce,
Room No.240, Udyog Bhawan,
New Delhi 110011**

Time limit

16. 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 this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the 'facts available' on record in accordance with the AD Rules.

Submission of Information on Non-Confidential basis

17. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2) of the AD Rules for the confidential information provided as per Rule 7 (1) of the AD Rules. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

18. Notwithstanding anything contained in para above, if the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalised or summary form, it may disregard such information.

Inspection of Public File

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

Non-cooperation

20. 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.

(J S Deepak)
Designated Authority