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F.No.14/7/2014-DGAD

Government of India

Ministry of Commerce & Industry

Department of Commerce

Directorate General of Anti Dumping & Allied Duties

4th Floor, Jeewan Tara Building, Parliament Street, New Delhi

Dated: 07.01.2015

Initiation Notification

Subject: Initiation of anti-dumping investigation in respect of imports of Methyl Acetoacetate originating in or exported from United States of America (USA), and China PR-reg.

No.14/7/2014-DGAD: Whereas M/s Laxmi Organic Industries Ltd has filed a petition 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 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 Methyl Acetoacetate (hereinafter also referred to as the subject goods) originating in or exported from United States of America (USA) and China PR (hereinafter also referred to as the subject countries) and requested the Authority for levy of anti dumping duties on the subject goods.

2. And whereas, the Authority finds that the petition filed by M/s Laxmi Organic Industries Ltd contains sufficient evidence of dumping of the subject goods originating in or exported from the subject countries; injury to the domestic industry; and the causal link between the alleged dumping and injury, to justify initiation of anti-dumping investigation, and the Authority hereby initiates anti dumping investigation into the alleged dumping of the subject goods from the subject countries, and consequent injury to the domestic industry in terms of Rule 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 M/s Laxmi Organic Industries Ltd. The petitioner has claimed that they have neither imported the subject goods from the

subject countries nor are they related to any exporter or importer of the product in the subject countries; that they are the only producer of the subject goods in India and there is no other producer of the product under consideration in India. As per the evidence available on record, the Authority notes that the production of the petitioner accounts for the total domestic production of the like article. The Authority, therefore, determines that M/s Laxmi Organic Industries Ltd. (hereinafter referred to as the domestic industry or the petitioner) constitutes the domestic industry within the meaning of Rule 2 (b) and the petition satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

Product under consideration

4. The product under consideration in the present petition is Methyl Acetoacetate. Methyl Acetoacetate (also known as MAA/MAAE/AAME) in the present petition is a Diketene based Ester or aceto-acetate. Esters react with acids to liberate heat along with alcohols and acids. Strong oxidizing acids may cause a vigorous reaction that is sufficiently exothermic to ignite the reaction products. Heat is also generated by the interaction of esters with caustic solutions. Flammable hydrogen is generated by mixing esters with alkali metals and hydrides.

5. Methyl Acetoacetate finds uses in Pharmaceutical Industry, Agrochemical Industry, Polymer Industry, as a reactant in other industries. MAA is also used as a flavouring agent and in colourants.

6. Methyl Acetoacetate is classified in Chapter 29 of the Customs Tariff Act under the subheading 29183040, as ~~Methyl Acetoacetate~~. The product under consideration has dedicated customs classification under the Customs Tariff Act. On analyzing the import data, it has been observed that the subject goods are being imported under various other classifications as well. Therefore, the customs classification is indicative only and is in no way binding on the scope of the proposed investigation.

Like Article

7. The petitioner has claimed that the subject goods, which are being allegedly dumped into India, are identical to the goods produced by the domestic industry. Consumers can use and are using the two interchangeably. The Authority, for the purpose of the present investigation, has considered that the product produced by the domestic industry is comparable to the product imported from the subject countries in terms of essential product characteristics such as physical & technical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The two are technically and commercially substitutable. The Authority treats the subject goods produced by the

domestic industry as like Article 9(1) to the subject goods being imported from the subject countries.

Subject Countries

8. The countries involved in the present investigation are United States of America (USA) and China PR.

Normal Value

9. The petitioner has claimed 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.

10. The normal values have been constructed for the subject countries by adopting the rates of major raw materials prevailing in the domestic industry. For USA, utility prices prevailing in USA have been adopted. For China, utility prices of the domestic industry have been adopted. Other costs of the domestic industry have been considered for working out the constructed normal values.

Export Price

11. The petitioner has claimed export prices in respect of the subject countries on the basis of data obtained from the secondary source and the same have been adopted for initiation. The price adjustments on account of ocean freight, marine insurance, bank charges, commission, packing, Inland Freight, loading / unloading & port charges have been allowed to arrive at the net export price.

Dumping Margin

12. The petitioner has provided sufficient *prima facie* evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices, *prima-facie*, indicating that the subject goods originating in or exported from the subject countries are being dumped into India to justify initiation of anti dumping investigation.

Injury and Causal Link

13. The petitioner has furnished *prima facie* evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports, price undercutting, price suppression and decline in profitability, return on capital employed etc. There is sufficient *prima facie* evidence of the injury being suffered by the petitioner caused by the dumped imports from the subject countries to justify initiation of an anti dumping investigation.

Period of Investigation

14. The period of investigation (POI) is the period from 01.04.2013 to 31.06.2014. However, for the purpose of analyzing injury, the data of previous three years, i.e., 2010-11, 2011-12, 2012-13 and the proposed period of investigation will also be considered.

Submission of information

15. The known exporters in the subject countries and their Governments through their Embassies in India, importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time limit set out below. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time limit set out below. The information/submissions may be submitted to:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi

16. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

Time Limit

17. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 days) from the date of the communication. 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.

18. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses and offer their comments to the domestic industry's application within forty days (40 days) from the date of publication of this Notification. The information must be submitted in hard copies as well as soft copies.

Submission of information on confidential basis

19. The parties making any submission (including Appendices/Annexure attached thereto), before the authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:-

- (a) one set marked as Confidential (with title, number of pages, index, etc.), and
- (b) the other set marked as Non-Confidential (with title, number of pages, index, etc.).

20. The %confidential+ or %non-confidential+ submissions must be clearly marked as %confidential+ or %non-confidential+ at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority and the Authority shall be at liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies, in five (5) sets of each.

21. The confidential version shall contain all information which are by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information can not be disclosed.

22. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.

23. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

24. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.

25. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

Inspection of Public File

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

Non-cooperation

27. In case where an interested party refuses access to, or 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 Government as deemed fit.

**(J K Dadoo)
Designated Authority**