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Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Anti Dumping & Allied Duties)  
Udyog Bhawan, New Delhi

Dated the 29<sup>th</sup> April 2011

## Initiation Notification

Subject: Initiation of anti-dumping investigation concerning imports of Phthalic Anhydride, originating in or exported from the Korea RP, Taiwan (Chinese Taipei) and Israel.

F.NO. 14/1/2011-DGAD: Whereas IG Petrochemicals Limited, Mysore Petrochemicals Limited, Thirumalai Chemicals Ltd., and SI Group India Limited (herein after referred to as applicants) 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 (herein after 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 (herein after referred to as the Rules), alleging dumping of Phthalic Anhydride, originating in or exported from the Korea RP, Taiwan (Chinese Taipei) and Israel (herein after referred to as “subject countries”) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

### 1. PRODUCT UNDER CONSIDERATION

Product under consideration in the present investigation is “Phthalic Anhydride” (hereinafter referred to as “Subject Goods”), having molecular formula ‘C<sub>8</sub>H<sub>4</sub>O<sub>3</sub>’. Phthalic Anhydride, also referred as PAN, is an anhydride of Phthalic Acid, and is commercially produced by catalytic oxidation of Ortho- xylene or Naphthalene. It is a colourless solid, variously referred as Phthalic Anhydride flakes, Phthalic Anhydride (98% min.), Phthalic Acid Anhydrous, Phthalic Anhydride (99.8% min), etc. The product is produced only in one grade. As regards different applications, it does not have distinguishable different types of forms. It is mainly used in the production of phthalate esters, which functions as plasticizers. It is an important chemical intermediate in plastic industry. It is also used in making of the products like Polyester resins, Alkyd Resins used in paints and lacquers, Unsaturated Polyester Resins, Polyester Polyols, Dyes and Pigments, Halogenated Anhydrides, Polyetherimide Resins, Isatonic Anhydride, Insect Repellents. It is an organic chemical classified under Customs Sub-Heading No. 29173500.

## 2. LIKE ARTICLE

The applicant has claimed that there are no known differences in subject goods produced by the petitioner and those exported from subject countries. Both products are comparable in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc. The goods produced by the domestic industry are comparable to the imported goods from subject countries in terms of essential product properties. The goods offered by the domestic industry are prima facie treated as like article to the goods imported from subject countries.

## 3. DOMESTIC INDUSTRY STANDING

The application has been jointly filed IG Petrochemicals Limited, Mysore Petrochemicals Limited and Thirumalai Chemicals Ltd., and SI Group India Limited. There is one more producer of product under consideration in India, viz., M/s. Asian Paints India Limited. As per the production figures provided in the application, the applicants' share in the domestic production is to the tune of 90.61% during the proposed POI of Jan'2010-December'2010.

M/s IG Petrochemicals Limited and Thirumalai Chemicals Limited are stated to have imported the subject goods from Korea RP (one of the subject countries). M/s Thirumalai Chemicals Ltd. have imported 100 MT during POI (0.41% of total imports from Korea RP during POI). As regards M/s IG Petrochemicals, they have imported 1142 MT (4.6% of total imports from Korea RP during POI) from subject country, Korea RP. The imports made by IG Petro were all got cleared under advance license and in respect of M/s Thirumalai Chemicals Ltd., out of total imports of 100 MT from subject country, Korea RP, 33 MT got cleared under advance license. From the imports made by the applicants during the POI, it is apparent that a) the imports are too insignificant to cause self inflicted injury to the domestic industry and b) the entire imports by M/s IG Petro got cleared under advance license scheme and a sizeable portion of imports by TCL is under advance license scheme. In view of this and keeping in view the reasoned position in this regard taken by the Authority in past cases, the Authority does not consider it appropriate to exclude these two entities, namely, M/s IG Petrochemicals Ltd. and M/s Thirumalai Chemicals Ltd. (TCL) from the scope of domestic industry at this stage.

The Authority after examining the above, holds that the applicants constitute Domestic Industry within the meaning of the rule 2(b) and they satisfy the criteria of standing in terms of Rule 5 of the Rules supra.

## 4. COUNTRIES INVOLVED

The countries involved in the present investigation are Korea RP, Taiwan (Chinese Taipei) and Israel.

## 5. NORMAL VALUE

Applicants have claimed that Oxylene account for 80-85% of total cost of production for a producer worldwide, hence normal value in subject countries is claimed on the basis of constructed cost of production considering Oxylene prices in the subject countries and conversion cost on the basis of cost of production of subject goods in India of the most efficient of the applicant companies, including selling, general & administrative expenses and reasonable profit. The petitioners have also claimed Normal Value on monthly basis because of significant price fluctuations in the input prices. The Authority, for the purpose of initiation, has adopted this as prima-facie evidence of Normal Value in the Subject Countries.

## 6. EXPORT PRICE

Export price of the subject goods from the subject countries has been claimed on the basis of transaction-wise import data collected from IBIS. Petitioners have submitted that the DGCIS data is not available for the entire POI. Adjustments have been claimed on account of ocean freight, marine insurance, and port expenses. in the exporting country to arrive at ex-factory export price. There is sufficient prima facie evidence with regard to export price claimed by the petitioners.

## 7. DUMPING MARGIN

There is sufficient prima facie evidence that the normal value of the subject goods in subject countries is significantly higher than the ex-factory export price indicating, prima facie, that the subject goods are being dumped by exporters from subject countries into the Indian market. Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject countries.

## 8. INJURY AND CAUSAL LINK

The applicant has furnished information on various parameters relating to material injury. Analysis of the information shows that imports from subject countries have increased in the period of investigation in absolute terms as also in relation to production and consumption in India. Various economic parameters like the loss in market share, significant decline in the profitability of the domestic industry, significant deterioration in return on investment and cash profit, prima facie, indicate collectively and cumulatively that the domestic industry have suffered material injury on account of dumped imports of subject goods from subject countries.

## 9. INITIATION OF ANTI DUMPING INVESTIGATIONS

The Designated Authority, in view of the foregoing, finds sufficient prima facie evidence of dumping of the subject goods from the Korea RP, Taiwan and Israel, injury to the domestic industry and causal link between the dumping and injury. 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.

#### 10. PERIOD OF INVESTIGATION (POI)

The Period of Investigation for the purpose of the present investigation is 1<sup>st</sup> Jan 2010 to 31<sup>st</sup> Dec 2010 (12 months). The injury investigation period will, however, cover the period 2007-08, 2008-09, 2009-10 and the POI.

#### 11. SUBMISSION OF INFORMATION

The exporters in the subject country, Governments through the Embassies, the importers in India known to be concerned with this investigation and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

The Designated Authority  
Directorate General of Anti Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce,  
Government of India,  
Room No. 240, Udyog Bhavan,  
New Delhi – 110011.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation and to representative consumer organizations, who can furnish information relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

#### 12. TIME LIMIT

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 from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately.

#### 13. SUBMISSION OF INFORMATION

In terms of Rule 7(2) of the AD Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority as per Rule 7 (1) of the AD Rules. If in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. 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

Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

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.

#### 14. INSPECTION OF PUBLIC FILE

In terms of Rule 6(7), the Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

(Vijaylaxmi Joshi)  
Designated Authority