

F.No.14/6/2014-DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti Dumping & Allied Duties
Udyog Bhawan, New Delhi

Dated the 9th May, 2014

Initiation Notification

Sub: Initiation of anti-dumping duty investigation in respect of the imports of Phthalic Anhydride originating in or exported from Russia and Japan –reg.

No.14/6/2014-DGAD: Whereas M/s IG Petrochemicals Limited and M/s Thirumalai Chemicals Ltd have 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 Phthalic Anhydride (hereinafter also referred to as the subject goods) originating in or exported from Russia and Japan (hereinafter also referred to as the subject countries) and requested the Authority for levy of anti dumping duties on the subject goods. M/s IG Petrochemicals Limited and M/s Thirumalai Chemicals Ltd, representing the Domestic Industry in India of the subject goods have provided relevant information/data on the alleged dumping of the subject goods originating in or exported from the subject countries.

2. And whereas, the Authority finds that 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, exists to justify initiation of anti-dumping investigation, 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 IG Petrochemicals Limited and M/s Thirumalai Chemicals Ltd. The petitioners have 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 there are three more producers of the subject goods in India, namely, Mysore Petrochemicals Ltd., S I Group India Ltd. and Asian Paints India Limited but Asian Paints primarily produces the product for its captive consumption; that as per information available on record, that Mysore Petrochemicals Ltd has supported their petition; that production of the petitioner companies in the Period of Investigation accounts for 87% of the total Indian production and that the petition, therefore, satisfies standing and petitioners constitute domestic industry within the meaning of the Rules. The Authority, after examining the above facts and prima facie evidence given by the petitioners in this regard, determines that the petitioner constitutes domestic industry within the meaning of Rule 2 of the Anti Dumping Rules, and the petition satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

Product under consideration

4. The product under consideration in the present investigation is “Phthalic Anhydride”, having molecular formula ‘C₈H₄O₃’. Phthalic Anhydride, also referred as PAN or PA, 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 etc.

5. Phthalic Anhydride is an organic chemical classified under Customs Sub-Heading No. 29173500 under the Custom Tariff Act, 1975. The classification is, however, indicative only and in no way binding on the scope of the present investigation.

Like Article

6. The petitioners have 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' to the subject goods being imported from the subject countries.

Subject Countries

7. The countries involved in the present investigation are Russia and Japan.

Normal Value

8. The petitioners have claim that efforts were made to get information/evidence of price of subject goods in the domestic market of subject countries and also price lists or quotations of producers of subject goods in subject countries but they failed to get any information/evidence of the price of the subject goods in the domestic market of subject countries. The petitioners have, thus, constructed the normal value for Russia and Japan on the basis of facts available.

Export Price

9. The petitioners have claimed export prices in respect of the subject countries on the basis of data obtained from the DGCIS. The petitioners have allowed price adjustments on account of ocean freight, marine insurance, bank charges, commission and port expenses to arrive at the net export price.

Dumping Margin

10. The petitioners have provided sufficient 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

11. The petitioners have 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 capacity utilization, market share, inventories, profitability, return on capital employed and cash flow of the domestic industry. The domestic industry has suffered financial losses, cash losses and negative return on investment on the product under consideration. There is sufficient prima facie evidence of the injury being suffered by the petitioners caused by

the dumped imports from the subject countries to justify initiation of an anti dumping investigation.

Period of Investigation

12. The period of investigation (POI) for the purpose of present investigation is from 01.01.2013 to 31.12.2013 (12 months). The injury investigation period will, however, cover the periods from April 2010-March 11, April 2011-March 2012, April 2012-March, 2013 and the POI.

Submission of information

13. 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
Room No.240, Udyog Bhawan,
New Delhi -110107

14. 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

15. 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 publication 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.

16. 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

17. 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.).

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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

24. 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

25. 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 S Deepak)
Designated Authority