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F.No.14/12/2007-DGAD
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)

NOTIFICATION

New Delhi, the 2nd February, 2009

Preliminary Findings

Sub: Anti-Dumping Investigations concerning imports of Plain Medium Density Fibre Board originating in or exported from China PR, Malaysia, New Zealand, Thailand and Sri Lanka.

1. **NO.14/12/2007-DGAD:-** Having regard to the Customs Tariff Act 1975 as amended in 1995 (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, (hereinafter referred to as the Rules) thereof:

2. Whereas All India Fibre Board Manufacturers Association, Faridabad (with Petitioner companies M/s. Shirdi Industries Ltd., Mumbai and M/s. Nuchem Ltd., Faridabad) through M/s.TPM Consultants New Delhi (hereinafter referred to as the Applicant) filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act 1975 as amended in 1995 (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, (hereinafter referred to as the Rules) alleging dumping of Plain Medium Density Fibre Board (hereinafter referred to as subject goods) originating in or exported from China PR, Malaysia, New Zealand, Thailand and Sri Lanka (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.

3. And whereas the Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, after examination of the same with regard to adequacy and accuracy issued a Public Notice dated 6th June, 2008 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods originating in or exported from the subject countries in accordance with the Rule 6 (1) of the Rules to determine the existence, degree and effect of alleged dumping and to recommend the amount of Anti Dumping Duty, which, if levied, would be adequate to remove the injury to the domestic industry.

A. PROCEDURE

4. The procedure described below has been followed with regard to this investigation by the Authority.

- (i) The Authority notified to the Embassies of subject countries in India about the receipt of dumping application made by the Applicant before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra;
- (ii) The Authority sent copies of initiation notification dated 6th June, 2008 to the Embassies/Trade Representatives of the subject countries/territories in India, known exporters from the subject countries, importers and the domestic industry as per the addresses made available by the applicants and requested them to provide relevant information and make their views known in writing within 40 days of the initiation notification.
- (iii) The Authority provided copies of the Non-Confidential Version of the application to the known exporters and to the Embassies/Trade Representatives of China PR, Malaysia, New Zealand, Thailand and Sri Lanka in accordance with Rule 6(3) supra.
- (iv) The Embassies/trade representatives of the subject countries in India were informed about the initiation of the investigation in accordance with Rule 6 with a request to advise the exporters/ producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letters and questionnaire sent to the exporters/producers were also sent to them, along with the names and addresses of the exporters.
- (v) The applicant requested the Authority to treat China PR as a non-market economy country for the purpose of present investigations. The Authority informed the known exporters from China PR that it proposes to examine the claim of the applicant in the light of para (7) & (8) of Annexure-I of the Anti-Dumping Rules as amended. The concerned exporters / producers of the subject goods from China PR were therefore advised to furnish necessary information/ sufficient evidence, as mentioned in sub-paragraph (3) of paragraph 8 to enable the Designated Authority to consider whether market economy treatment should be granted to cooperating exporters/producers who could demonstrate that they satisfy that market conditions prevail in their case.
- (vi) The Authority sent questionnaire, to elicit relevant information to the following known exporters in subject countries in accordance with Rule 6(4);

1. Tomrich International Trading Limited RN 803, No. 309, Fushan Road, Pudong, Shanghai, China PR
2. Nanjing ETAI Trading Co Limited, Room 202, No 14 Jinshajing Nanjing, China PR
3. Linyi Hongfu Timber Co Limited, Yitang Town, Linyi Shandong, China PR
4. Shouguang Guihe Economic and Trade CO Limited
The west of Shengcheng Street, Weifang, Shandong, CHINA PR
5. Linyi Baideli International Trade Co Ltd.
Nan Lou Zone, Yitang Town, Lanshan District,
Linyi City Shandong
China PR
6. Zhanjiang Kingstar Building Material Co Limited
2/F, Building A, Ziwei Garden, No 41, Haibin Road 3,
Zhanjiang Guangdong
China PR.
7. Wenzhou Timber Group Co. Ltd., 42, Wenjin Road
Wenzhou Road, Zhejiang, China PR
8. Daiken Sarawak Bdh. Sd.
Lot 2069,
Block 26, Kidurong Industrial Estate,
97008, Bintulu
Sarawak Malaysia
9. Carter Holt Harvey Limited
640, Great South Road,
Manaku City
Newzealand
10. Merbok MDF Lanka Pvt Limited
Perth Estate,
BOI Horana EPZ
Ratnapura Road,
Horana 12400 Sri Lanka

11. Khon Kaen MDF Board
3003, Moo 6, Taeparak Road,
Taeparak, 10270, Muang
Samutprakan
Thailand
 12. Siam Fibreboard Co Limited
417/112-113 Karnchanavanich Rd.,
Tumbol Patong,
Amphur Haadyai,,
Songkhla 90230,
Thailand
- (vii) In response to the initiation notification following exporter/producer from Malaysia, New Zealand Thailand and Sri Lanka has responded to the questionnaire and no exporter/producer from Cina PR has responded to the questionnaire.
- (1) M/s. Evergreen Fibre Berhad (EFB)
Batu 11 ½, Jalan Masai 81750 Masai,
Johor, Malaysia
 - (2) M/s. Evergreen Fibre Berhad (JB) SDN. BHD
Batu 11 ½, Jalan Masai 81750 Masai,
Johor, Malaysia.
 - (3) M/s. Robin Resources (Malaysia) Sdn Bhd
No.1, Jalan Industri 5,
Taman Perindustrian Temerloh
28400, Mentakab, Pahang.
Malaysia.
 - (4) M/s. Segamat Panel Boards Sdn Bhd
Plot 201 Kawasan Perindustrian Segamat II,
Mukim Pogoh, 85000 Segamat,
Johor, Malaysia.
 - (5) M/s. Carter Holt Harvey Limited
640, Great South Road,
Manaku City
New Zealand
 - (6) M/s. Siam Fibreboard Co Limited
417/112-113 Karnchanavanich Rd.,
Tumbol Patong,

Amphur Hatyai,
Songkhla 90230,
Thailand

- (7) M/s. Advance Fibre co., Ltd.
100/1 Varasombat Building, 18th Fl.,
Rama 9 Road, Huaykwang,
Bangkok 10310
- (8) M/s. Metro Fiber co. Ltd.
Manufacturers-Exporters-Importers
9/9 Moo 5, Waineo-Dongsak Road, Tamaka,
Karnchanaburi 711 20, Thailand
- (9) M/s. Metro M.D.F. Co. Ltd.,
74 Moo 2, Nonthaburi-1 Rd., Bang Ka So,
Nanthburi 11000 Thailand.
- (10) M/s. Vanachai Group Public Co. Ltd.
Thailand
- (11) M/s. Vanachai Panel Ind. Co. Ltd.
Thailand
- (12) M/s. Dongwa Fibre Board Sdn. Bhd.& related company Dongwa MDF(M)
Sdn. Bhd
- (13) M/s. Merbok MDF Lanka Pvt Limited
Perth Estate,
BOI Horana EPZ
Ratnapura Road,
Horana 12400 Sri Lanka
- (viii) A questionnaire was sent to the following known importers/user
associations of the subject goods for necessary information in accordance
with Rule 6(4):
 - (i) PLY POINT
15/228, Kodampuzha Road
Petta
Feroke, Kozhikode
Kerala
 - (ii) LABEL SALES CORPN

Indradhanush Apartment
Shope No. 7,8 & 9
T.D.Road
Cochin, Kerala

- (iii) SRIVARI TRADERS
136/53B, Ooty Main Road
Odanthurai
Metupalayam
Tamil Nadu
- (iv) KRISHNA PLYWOODS
34 Kamraj road
Karur
Tamil Nadu
- (v) THAMARAPALLY BROTHERS
XL/499 Usha Kiran
M.G.Road
Ernakulam
Kochi, Kerala
- (vi) JACSONS VENEERS AND PANELS P.LTD
XL/499 Usha Kiran
M.G.Road
Ernakulam
Kochi, Kerala
- (vii) KALINGA IMPORTS & EXPORTS p.Ltd
18/777 Kallai Road
Calicut
Kerala
- (viii) VICTORY PLYWOOD DISTRIBUTORS
R.No.148, CE-34/640
Stadium Complex
Kannur
Kerala
- (ix) MATHEWSONS EXPORTS & IMPORTS P.LTD
44/2158, First Floor

Mathewsons Bldg.,
Kaloor
Cochin, Kerala

(x) FEROKE BOARDS LTD
VP 4/394, P.O. Kaarad
Faroke College
Via- Malappuram
Kerala

(xi) R.J.METALS
XL/4039 Faba Complex
Jews Street, Ernakulam
Cochin, Kerala

(ix) In response to the above notification the following importers/interested parties have filed their submissions.

1. M/s. Eximcorp India Private Limited,
87/1, Mundka Industrial Area,
Delhi Rohtak Road,
New Delhi-110041.

2. M/s. Spacewood Furnishers Pvt. Ltd.
T-48, MIDC Road,
Nagpur-440 016

3. FEROKE BOARDS LTD
VP 4/394, P.O. Kaarad
Faroke College
Via- Malappuram, Kerala.

4. M/s. Venugopala Slate Industries,
Nehru Street, Markapur-523316
Andhra Pradesh

5. M/s. Kutty Flushdoors and Furniture Co. Pvt. Ltd.
1167 (Old No.37) Poonamallee High Road, Koyambedu,
Chennai-600107

6. M/s. Moradabad Handicrafts Exporters Association,
Jain Mandir Building, Opposite Kotwali,

Moradabad-244001.

7. M/s. C.L. Gupta Exports Ltd.,
18th km. Before Moradabad Delhi Highway,
Village Jival, J.P. Nagar-224221.

8. Joint Development Commissioner,
Noida Special Economic Zone,
NOIDA Dadri Road, Phase-II, NOIDA-201305.

- (x) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years and for the period of investigations. Information received from the DGCI&S, has been relied upon in the present findings;
- (xi) The Authority kept available Non-Confidential Version of the evidence presented by various interested parties in the form of a Public File maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).
- (xii) Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the applicant on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if anti dumping duty lower than dumping margin would be sufficient to remove injury to the Domestic Industry. For the purpose, domestic industry was directed to provide its cost of production duly certified by a practicing cost accountant.
- (xiii) *** in this Notification represents information furnished by the applicant on confidential basis and so considered by the Authority on merits under the Rules.
- (xiv) The Period of Investigation for the purpose of the present investigation is 1st January,2007 to 30^{1st} December,2007(12 months). The examination of trends in the context of injury analysis covered the period from 2004-05, 2005-06, 2006-07 and the Period of Investigation.
- (xv) The Authority provided opportunity to the importers/ industrial users of the product under consideration to furnish information considered relevant to the investigation regarding dumping, injury and causality.
- (xvi) The Authority satisfied itself with regard to accuracy of the information provided by the interested parties to the extent considered necessary at this stage.
- (xvii) A copy of the Non-Confidential Version of the application was also provided to other interested parties, wherever requested.

(xviii) The Authority in this case has considered the data relating to customers' price and costing as confidential as the disclosure of the same may give the competitive advantage to the other interested parties. The data relating to volumes of domestic industry has not been treated as confidential.

B. Product under consideration

5. The product under consideration in the present investigations is plain Medium Density Fibre Board also known as Plain MDF Board in market parlance. Medium Density Fiber Board, or MDF Board, is a composite wood product. It is made out of wood waste fibers glued together with Urea Formaldehyde Resin or Melamine Resin and pressure. MDF is appropriate for many applications, from cabinetry to moulding, because it is smooth, uniform finish. MDF Board is produced in two forms plain and laminated. Lamination is additional processing, which is done after production of plain board. Laminated board is beyond the scope of the product under consideration.

6. The Product is classified under Customs Sub-Heading No. 44.11 in the Customs Tariff Act. Customs Classification is however, indicative only and in no way binding on the scope of the present investigation.

B.1 Views of the interested parties

7. The main issue of the producers/exporters, namely M/s. Metro MDF, M/s. Metro Fibre, M/s. Advance Fibre, M/s. Siam Fibre, M/s. Evergreen Fibre Board (EFB), M/s. . Evergreen Fibre Board (JB), M/s. Segamat Panel Board and M/s. Carter Holt Harvey has been that the domestic industry in India neither produce the subject goods below 6MM thickness nor they have appropriate technology for producing thinner sizes in a commercially efficient manner. Therefore, the thickness not manufactured in India ought to be excluded and the present investigation be restricted to above 6MM thickness only. **M/s. Venugopala Slate Industries, Markapur, Andhra Pradesh** have stated that the domestic industry do not have the potential to manufacture 2.5 mm thickness Plain MDF and they import near about *** cbm. of 2.5 mm Plain MDF Board to manufacture and market writing slates in the country. **M/s. Kutty Flush Doors and Furniture Company Pvt. Ltd., Chennai** have stated they import Door Skins which is described as fibre board sheets for Moulded Panel Door Shutters typically 2.8 mm or 3.2 mm thickness with density 1000 kg./cbm. or around and the product imported by them is entirely different from the product under investigation.

8. One constituent of the domestic industry has submitted that its plant is capable to produce MDF of 4MM thickness and above in fact produced MDF of 4MM thickness during 2003-04 i.e. prior to the injury period, while during the injury period, it produced MDF boards of 6MM thickness and above. The domestic industry vide its letter dated 5th January 2009 has submitted that MDF boards of thickness up to 5MM may be excluded from the scope of the investigation.

B.2 Examination by the Designated Authority:

9. The Authority has observed that the domestic industry has produced MDF boards of 6MM thickness and above during the injury period, though, prior to injury period i.e. 2003-04 a small quantity of MDF boards of 4MM thickness was produced by a constituent of the domestic industry. As MDF boards below 6MM have not been produced by the domestic industry during the injury period, it is appropriate to restrict the scope of the investigation to the product under consideration from 6MM thickness and above. Accordingly, for the purpose of the Preliminary Findings, the subject goods of thickness below 6MM have been excluded from the product scope in the present investigation.

C. Like Article

10. With regard to like article, Rule 2(d) provides as under: -

"like article " means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation;

11. The petitioners have claimed that there is no known difference in the product under consideration produced by the Indian industry and exported from subject countries. The product under consideration produced by the Indian industry and imported from subject countries are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. The subject goods produced by the petitioner companies is and being treated as like articles to the subject goods imported from subject countries in accordance with the Anti-Dumping Rules.

12. It has been argued by M/s. Exim Corp Pvt Limited that the product imported from M/s. Carter Holt Harvey Newzealand are made from pine wood, which is a soft wood, while the domestic industry manufacture the subject goods from hard wood either of poplar or Eucalypt. The subject goods made out of the soft wood have distinct properties different from that made of hard wood and are not like articles.

C.1 Examination by the Designated Authority:

13. The Authority notes that merely that a product which is produced from different types of raw material, does not render the different product. MDF Board is produced from different woods, which can be poplar, Eucalypt, rubber, pine or any other else. Therefore, merely because material imported is

produced from pinewood, does not mean that the product is different. Only thing, which is important in raw material for production of MDF, is that the wood should be fibrous wood. Once, a wood is converted into fibre, it becomes the fibre. Therefore, difference in wood consumed does not makes any difference in the finished product other than colour of the product. Authority have examined and verified that domestic industry have produced subject goods not only from Eucalyptus and poplar, but from other woods/materials also though in small quantities.

14. The Authority, therefore, provisionally determines that product imported from subject countries is like article to the product being produced in India. The authority, however, will re-visit the issue based on the further comments and submissions received.

D. Domestic Industry and Standing:

15. The petition has been filed by M/s. Shirdi Industries Limited, Mumbai and M/s. Nuchem Limited - Faridabad. Apart from the applicants, M/s. Mangalam Timber Products Limited has also been a producer of the product concern during POI. The Authority notes that in the transaction-wise information of imports received from DGCI&S, M/s. Mangalam Timber Products Limited has imported subject goods from the subject countries.

16. M/s. Spacewood Furnishers Pvt. Limited has argued that the complainants do not constitute the domestic industry as defined under Rule 2(b) of the Customs Tariff Rules, 1995 as one of the complainants namely M/s. Shirdi Industries Limited has been engaged in import and trade of subject goods from the subject countries. Further, M/s. Mangalam Timber Products Limited have been the major manufacturer of the subject goods and have reported profits and they have been deliberately kept out of the present investigation in order to present distorted data.

D.1 Examination by the Designated Authority

17. The Authority notes that there were three domestic producers during POI namely M/s. Nuchem Limited, M/s. Shirdi Industries Limited and M/s. Mangalam Timber Products Limited. Out of these three, the first two are petitioners. An analysis of exporter responses also show that M/s. Mangalam Timber has imported significant quantity (**** CBM) of subject goods from the subject countries. It is also true that M/s. Shirdi industries has been an importer of subject goods in the past but their plant was commissioned only during April 07 i.e. within the POI. Durinig POI, M/s. Shirdi Industries Limited imported subject goods to the extent *** CBM only, which is less than 1% of the total sales of the domestic industry. For the purpose of the Preliminary Finding, the Authority considers M/s. Shirdi Industries Limited as part of domestic industry.

18. Having considered all the aspects and based upon the information on record, the Authority has determined that production of the petitioners constituted a major proportion in the Indian production during POI, as is evident from the table below:-

Petitioner's production CBM	Other Indian producer's production CBM	Total Indian Production CBM	Share of Petitioners in Indian Production CBM
65163	33890	99053	65.79%

19. The Authority therefore notes that the petition satisfies the condition of standing under the Rules and the petitioner constitutes "domestic industry" within the meaning of Rule 2(b) and Rule 5(3) (a) of Anti-Dumping Rules.

D.2 De-Minimis Limits:

20. The petitioners provided import statistics from two sources in the application with DGCI&S data covering upto 30th June 2006 and Info-Drive service, covering the entire injury period. Subsequently, DGCI&S statistics covering the entire injury investigation period was called by the Authority. . The transaction wise data for the injury period has been received from the DGCI&S and has been considered to determine CIF export price .The Authority notes that the quantities imported from each of the subject countries during the POI were above the de minimis limits prescribed under the Rules.

E. Other submissions and issues raised

21. Following submissions and issues have been raised by various interested parties.

E.1 Submissions by Eximcorp India Pvt. Limited :-

- (i) The claim of complainant that there is no known difference in MDF Board imported from subject countries and produced in India is not correct. It has been stated that the MDF Board imported from New Zealand is an application driven product, distinct from Indian MDF Board. Selective tests and properties referred in the petition are not all tests and properties of MDF Board. There are more tests and properties of MDF Board, which petitioners have ignored to prove their case. That the Petitioner's claim that manufacturing process and technology is same is also incorrect. The Petitioner's claim is also untenable in absence of any reference of emission norms and use of New Zealand's MDF is compulsion than any choice.
- (ii) It has been stated that the complainants have deliberately omitted different volume and value of different range of MDF Boards imported into India for meaningful and purposeful analysis. It has been stated that imports from New Zealand are ***CBM as against ***CBM from all sources and injury due to other factors than dumping can not be

attributed to alleged dumped imports. As wood is consumed in MDF and Paper while, geographically there is large presence of pulp & paper industry in India and accordingly, the demand of wood from paper industry leads to abnormal rise in wood's price and cost. Cheap plywood from unorganized sector also causes problems for MDF industry. Cheap plywood is a good substitute for MDF. Cumulative production of such cheap plywood is far more than MDF production and it remains cheaper by 15-25% than MDF. M/s. Shirdi Industries Ltd. is a new producer who entered into market in 2007 and in the first year itself, operated its plant @ 70% capacity. Therefore, it can not be said that under utilization is linked anywhere to imports.

- (iii) Imports from New Zealand includes both premium as also downgrade. The two can not be compared on average basis. Downgrade material cannot be compared with the normal value of prime grade. Dumping margin should also be compared with the injurious price of the domestic industry, which is the price at which material is reaching to end consumer, which includes margin of importer, who competes with the domestic industry. New Zealand home market is not a protected market and a consumer can not re-export a product in the home market and still earn a huge profit.
- (iv) The essence in the rules favouring protection to domestic industry is founded on the premises that levy of ADD would be in national interest. The issue is the priority between the national interest vis-à-vis interests of vast Indian consumers. National interest does not lie in protecting industry without sufficient resources. Case under investigation is a case of private interest rather than national interest. The domestic industry has already got enough protection by OTC of bank loans (Nuchem), Immunities granted by BIFR (Nuchem), Exemption of Excise Duty and sales and income tax (Shirdi). It is not in national interest to protect the industry, who has been defaulted in repayment of public deposits. The cure lies in termination of the investigation itself.
- (v) Present investigation has been initiated at the behest of business competitors, who being incapable and deficient in its product and performance and are harassing the state power to serve their private interests. AD rules were created to check the balance and limits and make disciplines in trade. AD rules have only proved as an instrument against the foreign competitors.

E.2 Submissions of APJ-SLG Law office (on behalf of Dongwha Patinna New Zealand, Evergreen Fibreboard - Malaysia, Evergreen Fibreboard (JB) - Malaysia, Sian Fibreboard - Thailand, Robin Resources - Malaysia, Segamat Panel Board - Malaysia, Advance Fibre Co. Thailand, Metro Fibre Co. Thailand, Metro MDF Thailand)

- (i) The statement given by the petitioner in Causal Link that there is no difference in technology employed by the petitioner and exporters in subject countries is incorrect. Industry does not have capability to produce MDF exceeding 8'X4'. Statement given in the petition regarding production of board as per requirement of size of user is incorrect as industry cannot produce boards bigger than 8'X4'. Misleading and wrong statement is given with regard to thickness also. Imports data includes products which are not manufactured in India. Imports below 6mm should be removed from dumping and injury analysis.
- (ii) In market share analysis, entrance of new producer should be kept in mind, who has taken over significant share of market. Further, performance of M/s. Mangalam has improved, who is not participating in the investigation. No analysis is given with regard to substitution effect. MDF is substitutable to plywood, laminated board, other engineering boards etc. These are competing the MDF in market. Capacity and production increased, hence no injury. Increase in imports is due to abnormal increase in demand as also due to inclusion of thickness below 6MM. Financial performance of the domestic industry is de-linked with the imports as domestic industry has been incurring losses throughout injury period. No confidentiality can be claimed on inventory levels and methodology thereof. There is clear absence of causal link between dumping and injury as M/s. Nuchem has been operating poorly due to several financial problems, which is acknowledged by the company in its annual report also. Regarding M/s. Shirdi Industries Ltd., they do not have experience of MDF production and are dependent on technological suppliers from China and any inability to provide support, will affect operations of the company. Further, it is admitted that manufacturing facilities in Uttaranchal is far away from sea port, which would lead to higher cost of transportation. Performance of Mangalam improved in spite of so called dumped imports. Size of plant of domestic industry can not provide economy of scale. M/s. Shirdi industries enjoys various tax benefits, therefore, their products are priced lower than M/s. Nuchem and there is internal competition.

E.3 Submissions of Spacewood Furnitures Pvt. Limited:

- (i) Product made by domestic producers lack consistency, quality and safety standards, which constrained us to procure MDF from other countries. Uses of fibreboard broadly depends upon porosity, surface soundness, routability, brightness, pointability, printability, profiling, limits of harmful formaldehyde chemical emissions, sustainable moisture resistance, hydro-expensivity, stability and flatness of panel, uniformity of dimensional features, true panel density profile, fiber to panel compression ratio, resin load etc. Domestic products are nowhere near the international products in terms of these parameters. None of the domestic products confirm the formaldehyde

standards. Domestic producers produce fibre board of limited thickness and sizes, whereas requirement of user industry is manifold. None of the petitioner produces below 8 MM as per their product brochure. Our sourcing decision is not just price alone. It is suitability, functionality, and several other attributes of quality besides the performance value. If all fibre boards, as claimed, are same, there should be no compulsion on our part to import and spent atleast 20% more value. Shirdi is setting up a lamination plant in Chennai to feed its furniture component plant with imported boards as raw material. For their own captive consumption, they are not relying on their own product.

- (ii) There is no causal link between injury and imports. The complainant earlier has unsuccessfully attempted to bring the goods falling under chapter 4410 and 4411 under negative list of imports. It is financial strength and operational economics between MDF industry and pulp paper industry to determine price and availability of raw material to other segment. All Nuchem is in MDF business since last 25 years and Resin over 50 years, however, since past many years, they never declared any taxable profits, which shows that their operations were never profitable even before imports commenced. Cause of injury to two petitioner lies elsewhere and not in imports as other domestic producer M/s. Mangalam shows profits. Present investigation profound bearing and long term policy implications and may result in various socio economic and ecological problems. Present investigation is also contrary to the WTO Agreement on forest products.
- (iii) Housing is another priority, high growth and job creating sector of Indian economy and providing affordable houses to all. Imposition of ADD on MDF board would lead to increase in imports of Modular furniture.

E.4 **The Association of Furniture Manufacturers of India** have stated that the Indian furniture manufacturers also import the product under consideration for manufacturing of furniture to domestic, institutional, deemed exports and SEZ Units and Anti Dumping proposal shall adversely affect the furniture industry.

E.5 **M/s. Bajaj eco-tec products Ltd., Mumbai** have stated that they have commenced commercial production on 1st April, 2008 and are forced to sell the product at much lower prizes and no producer can sustain its operations based on so low prizes and support the petition for imposition of Anti Dumping Duty on dumped imports of the subject goods.

E.6 **M/s. Moradabad Handicrafts Exporters (Welfare) Association, Moradabad** have stated that no Indian producer has the technology and capability to manufacture toxic free MDF in India, whereas it is mandatory requirement of most developed countries in the world where

they export their products made out of MDF to satisfy the VOC (Volatile Organic Chemicals) emission free requirement in MDF with low formaldehyde emission level E1 and E0. They have further stated that the domestic industry does not manufacture the subject goods of a thickness below 6 mm while their exporters have bulk demand for thickness range of 2.5 mm to 3.5 mm. It has also been stated by them that the domestic industry does not manufacture the subject goods of width exceeding 122 cms while they need 150x150 cm. Or 180x180 cm. MDF.

- E.7 **The Federation of Thai Industries have stated that they believe that the Indian MDF Manufacturers do not offer (i) thin MDF of thickness below 6 mm (ii) low formaldehyde MDF and (iii) bigger sizes MDF such as 6'x8' and 5'x9'.** They have also proposed that (i) MDF with mechanically worked or surface covered (not Plain MDF) (ii) High Density Fibre Board 4411.92.00 and Low Density Fibre Board 4411.94.00 should be excluded from the product under consideration and they have enclosed a list enlisting the details thereon.
- E.8 **Department of Foreign Trade on behalf of the Royal Thai Government** has stated that they would like to know whether the products (i) thin MDF (**thickness** below 6 mm) (ii) Low formaldehyde MDF and (iii) Big sizes MDF such 6'x6' and 5'x9' are covered by the investigation.
- E.9 **M/s. Thamarappally Brothers, Ernakulam** have stated that they are engaged in the import and marketing of mixed tropical hardwood MDF which is not manufactured by any domestic manufacturers and the said product has got special characteristics which are most suitable for highly humid locations like Kerala but they have not furnished any details in support of their claim.
- E.10 M/s. Moradabad Handicrafts Exporters Association, Moradabad** have stated the following:
- (i) That no producer from the domestic industry manufacture MDF complying with the requirements of US CARB regarding lower formaldehyde emissions and the new law (CARB) formulated in USA is effective from 1.1.2009.
 - (ii) That though the anti dumping duty is not levied on EOUs. It is not possible to be a direct importer of MDF by the member units. Secondly, most of the exporters' source the finished hand crafted products directly from the artisans who fabricate and design the products themselves as a family venture and there are more than 10 thousand families directly engaged in such hand crafting work at their homes down the line.
 - (iii) That the levy of anti dumping duty on imported MDF will lead to further problems to the domestic handicraft industry which is already reeling under severe losses on account of gross under utilization of its established capacities during recession.

- (iv) That the MDF from New Zealand only meet the criteria and conditions having formaldehyde emission standard and CARB certification.

E.11 M/s. C.L. Gupta Exports Ltd., a 100% EOU, J.P. Nagar-244221 have made the following submissions:-

- (i) That the MDF being imported from New Zealand only meets the specification and its technical parameters suitable for exports of product specially handicrafts items to USA and Europe.
- (ii) That there are large number of small handicrafts units including 100% EOUs like them who cannot afford to import MDF directly from New Zealand as the requirements of the exporters are in small quantities and if anti dumping duty is imposed on import of MDF from New Zealand the same will become more costlier to the handicrafts exporters.
- (iii) That no manufacturer in India as well as in Asian countries do not meet the specifications and other parameters to cater the USA and European market as per new conditions and specifications as per their latest guidelines such as CARB and formaldehyde emission to meet the requirement of environmental friendly.
- (iv) No domestic industry is manufacturing MDF having thickness below than 6mm and thereby the exporters who manufacture photo frames and other items compulsorily use MDF imported from New Zealand to meet the parameters of their major buyers.
- (v) That on imposition of Anti Dumping Duty the exporters will have to pay higher cost to the local importers from New Zealand and same shall adversely affect on export product costing making their product uneconomical for exports.
- (vi) That the non-imposition of anti dumping duty will help the exporters in their survival and shall also avoid retrenchment of thousands of work force engaged in export of handicraft products.

E.12 The Joint Development Commissioner, NOIDA Special Economic Zone, Noida has forwarded a representation of M/s. C.L. Gupta Exports Ltd., a 100% EOU stating that the said unit is possibly the biggest exporter of handicrafts in India and that Medium Density Fibre Board is extensively used as a raw material for making wooden handicrafts by handicraft units. It has been stated that the subject goods produced by the domestic industry and China do not meet the requirements of USA and Europe and accordingly the handicraft units get the subject goods from the traders in India imported from New Zealand. It has been further stated that these units being small and medium scale enterprises do not have bulk requirement of MDF and are unable to block their capital in import of MDF directly from New Zealand and has

requested to grant suitable relief through exemption of Anti Dumping Duty on imports of MDF imported from New Zealand and Europe.

E.13 Examination by the Authority:

The above submissions of the interested parties, to the relevant extent, have been examined and dealt with at relevant places in the Preliminary Findings.

F. Determination of Dumping Margin

22. Authority has sent questionnaire to various exporters - producers in subject countries as per information furnished by the applicant. In addition, authority has sent letters to government of subject countries and requested them to ask producers and exporters of product concern in their countries to respond to the Designated Authority. In the response, following producers and exporter cooperated to the Designated Authority.

1. M/s. Siam Fibre Board Company Limited - Thailand
2. M/s. Vanchai Panel Industries Company Limited- Thailand
3. M/s. Vanchai Group PCL- Thailand
4. M/s. Metro MDF- Thailand
5. M/s. Metro Fibre- Thailand
6. M/s. Advance Fibre- Thailand
7. M/s. Merbok - Srilanka
8. M/s. Dongwha - Malaysia
9. M/s. Robin Resources Malaysia
10. M/s. Evergreen Fibre Board (EFB)- Malaysia
11. M/s. Carter Holt Harvey, New Zealand
12. M/s. Evergreen Fibre Board (JB), Malaysia
13. M/s. Segamat Panel Boards Sdn. Bhd., Malaysia

F.1 Dumping Margin for Market Economy Countries

F.2 Dumping Margin for Thailand

Dumping Margin determination in case of Siam Fibre Board Company Limited

23. Normal Value - The company has provided information in various appendices, which examined by the Designated Authority in detail and deficiency letter was issued. Authority observed that SGA expenses claimed by the company in Appendix 9 do not reconcile with the SGA information given in Appendix 7 and 8(b). The authority pending verification adopted SGA expenses as reflected in Appendix 9 for Appendix 8(B) while determining the cost. Regarding Raw material cost, the Authority observed that there is significant difference in the Raw material cost claimed by the company as compared with the other cooperating producers from the same country. Raw Material cost has

therefore been taken as per best information available with the Designated Authority. Regarding Resin, the company is sourcing resin from related parties and thus the rates can not be accepted till authority is satisfied that these purchase of Resin from related parties are at arms length. Therefore, pending verification resin cost has been taken as per other information available with the Designated Authority based on other cooperating exporters and producers. Accordingly, full cost has been recalculated. Considering the revised cost of sales, Authority notes that all domestic sales on weighted average basis has become loss making, therefore, normal value can not be determined based on sales in the domestic market. Therefore, cost of production and reasonable profit margin has been taken for determination of normal value. Normal value so determined comes to USD *** per Cubic Meter (CBM).

24. Export Price- Export price has been determined as per claims made by the exporter/producer concern. Exporter have furnished information in Appendix 2, which was examined and cross checked with different Appendices. Exporters have claimed adjustment on account of Commission, Ocean Freight, Inland Transportation, Clearing & Handling, sales & marketing. All expenses claimed are allowed as claimed pending verification. Net Export Price so determined comes to USD *** per CBM

Dumping Margin determination in case of Vanchai Panel Industries Co Limited - Thailand

25. Normal Value - The Company has provided information in various appendices, which has been examined by the Designated Authority in detail and deficiency letter was issued. The Authority notes that one of the related company, which is also involved in production and sales of product concern also have filed detailed response to the Designated Authority. The Authority have compared the response filed by both the companies and found significant difference in the claims made. Authority, does not found any reason of significant difference in the rates for raw material and Resin. The Authority has modified raw material and resin cost as per best information available and determined cost of production. Authority notes that all domestic sales on weighted average basis has become loss making and accordingly normal value can not be determined based on sales in the domestic market and cost of production and reasonable profit margin has been taken for determination of normal value. Normal value so determined comes to USD *** per Cubic Meter (CBM).

26. Export Price- Export price has been determined as per claims made by the exporter/producer concern. Exporter has furnished information in Appendix 2, which was examined and crosschecked with different Appendices. Exporter have claimed adjustment on account of Commission, Ocean Freight, Inland Transportation, packing and credit cost. All expenses claimed are allowed as claimed pending verification. Net Export Price so determined comes to USD *** per CBM.

Dumping Margin determination in case of Vanchai Group PCL - Thailand

27. Normal Value - The company has provided information in various Appendices, which has been examined by the Authority in detail and deficiency letter was issued. The Authority notes that the company has production and sales of two Grades viz. A and C in the domestic and export market. The comparison of normal value and export price have therefore been done for same grades. The Company has exported Grade A to India, which was also sold in the domestic market. The Authority notes that significant sales made in the domestic market has been profitable sales. The Normal value is therefore, determined as per price of like article in the domestic market. Normal value so determined comes to USD *** per Cubic Meter (CBM).

28. Export Price- Export price is determined as per claims made by the exporter/producer concern. Exporter has furnished information in Appendix 2, which has been examined and cross-checked with different Appendices. Exporter have claimed adjustment on account of Commission, Ocean Freight, Inland Transportation, port charges, Clearing & Handling, packing and credit cost. All expenses claimed are allowed as claimed pending investigation. Net Export Price so determined comes to USD *** per CBM.

Dumping Margin determination in case of Metro MDF, Metro Fibre and Advance Fibre - Thailand

29. Normal Value - The Authority notes that these three companies have not provided information in various Appendices, which may be relevant for determination of normal value for them. The Authority has sent letters to these companies requesting them to provide information relating to sales in the domestic market and cost of production. No information is however, filed by these companies in this regard. Subsequently, letters were also issued on 18.12.2008 advising these producers/exporters to submit the relevant information required for arriving normal value failing which, the Authority would be constraint to determine normal value based on cost of sales of applicant domestic industry. The consultants of these producers/exporters vide letters dated 29.12.2008 has consented that the authority may decide to determine the normal value as deemed appropriate. The Authority has therefore, determined Normal Value for these producers/exporters as per best information available. The Normal Value, determined for these exporters/producers comes to USD *** per CBM.

30. Export Price- Export price for these exporter/producers is determined as per claims made by these companies. Adjustment is claimed on account of commission, ocean freight and port charges, which is allowed pending investigation. Export price so determined comes to USD ***, *** and USD *** per CMB respectively.

31. One normal value for country as a whole- Normal value has been determined for Thailand as a whole. For this purpose, normal value determined

for individual cooperating producer concern and weight of their sales made in the domestic market as shown in the table below.

Name	SIAM	Vanchai Panel	Vanchai Group	Metro MDF	Metro Fibre	Advance Fibre	Average
Normal Value	***	***	***	***	***	***	***
Domestic Sales	***	***	***	***	***	***	***

32. The Normal Value so determined comes to USD ***per CBM

Dumping Margin determination in case of other non cooperating exporter-producer from Thailand.

33. In case of other non-cooperating producer/exporter from Thailand, normal value is determined as discussed above. For export price, export price is taken as per minimum priced export made by cooperating producer/exporter.

34. Considering the normal value and export price as discussed above, dumping margin comes as under: -

Name	SIAM	Vanchai panel	Vanchai Group	Metro MDF	Metro Fibre	Advance Fibre	Others
Normal Value	***	***	***	***	***	***	***
Export Price	***	***	***	***	***	***	***
Dumping Margin	***	***	***	***	***	***	***
Dumping Margin %	25-30	30-35	20-25	25-30	26-31	35-40	52-57

F.3 Dumping Margin for Sri Lanka

Dumping Margin determination in case of Merbok Sri Lanka

35. Normal Value - The Authority notes that exporter has provided information in different Appendices, which has been examined and cross-checked by the Designated Authority and a detailed letter was also issued. The company is sourcing Resin from the related company in Malaysia. The Authority have modified cost of production by modification of Resin price as per market price in Malaysia and ocean freight is added onto that price as per claim of the company. An analysis of financial statement of the company shows that during 2006, the company was having loan from holding company to the extent of USD *** Million carrying interest rate of ***%. During the POI, all these loans were transferred as interest free loans. In view of this, the interest charges during POI

was substantially lower. Pending further investigation, these interest charges have been added to cost of sales on notional basis. The Authority notes that on average basis, all sales, becomes loss making, normal value, therefore, can not be determined on the basis of price of like article in the domestic market. Normal value is therefore, determined on the basis of cost of production and reasonable profit. Normal value so determined comes to USD *** per CBM.

36. Export Price - Export price is determined as per claims of the exporter. Adjustments are claimed on account of Commission, Ocean Freight, Sales & Marketing, Inland Transportation, port charges, which are allowed pending investigation. Net export price, therefore, comes to USD ***per CBM.

37. One normal value for country as a whole- The Authority notes that there is only one producer of cooperated from Sri Lanka. Normal value determined for Merbok Sri Lanka is therefore considered as normal value for Sri Lanka - country as a whole. Normal value in Sri Lanka therefore, comes to USD ***per CBM.

38. Dumping Margin determination in case of other non cooperating exporter-producer from Sri Lanka.

39. In case of non cooperating exporter/producers in Sri Lanka, Normal value is taken as discussed above, for export price, export price is taken as per lowest export price based on cooperating exporter/producer concern.

40. Considering the normal value and export price as discussed above, dumping margin comes as under: -

Name	Merbok	Others
Normal Value	***	***
Export Price	***	***
Dumping Margin	***	***
Dumping Margin %	10-15%	45-50%

F.4 Dumping Margin for Malaysia

Dumping Margin determination in case of M/s. Dongwha Fibreboard Sdn. Bhd. -Malaysia

41. Normal Value - In response to the Exporter's Questionnaire, producer/exporter filed a combined response in respect of Dongwa Fibre Board and Dongwa MDF. It has been noted by the Authority that M/s. Dongwa Fibre Board has two factories namely Merbok and Nilai while M/s. Dongwa MDF has one factory. It has also been noted that in Appendix-8 production was shown as ***CBM while sales were shown as *** CBM. The difference in production and sales Could be either in the form of inventories or captive transfers but it was no where explained, Further, the resin which is one of the major component of input cost was purchased from its related company i.e. M/s. Dongwa Chemical (M) Sdn. Bhd. Accordingly, deficiency letter was issued to the

producers/exporters to submit complete reconciliation of production and sales of each plant/factory. It has been seen that there is huge difference between production and sales in respect of Merbok plant. For the purpose of Preliminary Findings the cost of sales of Nilai plant (which produces MDF of thickness of 6MM and above) has been adjusted by adopting consumption norms of Kulim plant and resin rates of one of the cooperating exporters from Malaysia pending verification. It has also been noted that SGA of Nilai plant also included extra ordinary income on account of insurance claim. This has been excluded for the purpose of Preliminary Findings. Based on this, the adjusted cost of sales of Nilai plant works out ***Ringit per CBM after adjusting the selling expenses of ***Ringit per CBM. The ex-factory cost works out ***Ringit at which domestic sales fails to pass the ordinary course of trade of test and accordingly the normal value has been required to be determined based on cost of production and reasonable profits. Accordingly, the normal works out at ***Ringit per CBM or US \$ ***per CBM.

42. **Export Price** - Export price is determined as per claims made by the company. Adjustment are claimed on account of commission, ocean freight, inland transportation, port charges, packing, credit cost and bank commission, which are allowed pending investigation. Export price so determined comes to USD *** per CBM.

Dumping Margin determination in case of Robin Resources - Malaysia

43. **Normal Value** - The company has furnished information relating to sales in home market as also cost of production, which has been re-checked with the other information furnished and found reconciled. Normal value is determined based on domestic sales of like article to unaffiliated customers. Normal value so determined comes to USD ***per CBM.

44. **Export Price** - Export price has been determined as per claims of the exporter. Adjustments claimed on account of Commission, Ocean Freight, Inland Transportation, Clearing & Handling, Bank Charges has been allowed pending investigation. The Net Export Price, therefore, comes to USD ***per CBM.

Dumping Margin determination in case of Evergreen Fibreboard - Malaysia

45. **Normal Value** - The company has furnished information relating to sales in home market as also cost of production, which has been re-checked with the other information furnished and found reconciled. The Normal Value is determined based on domestic sales of like article to unaffiliated customers. Normal value so determined comes to USD ***per CBM.

46. **Export Price.** Export price has been determined as per claims of the exporter. Adjustments have been claimed on account of Commission, Ocean Freight, Inland Transportation, Bank Charges and same has been allowed pending investigation. Net Export Price, therefore, comes to USD ***per CBM.

47. One normal value for country as a whole - Normal value has been determined for Malaysia as a whole. For this purpose, normal value determined for individual cooperating producer concern and weight of their sales made in the domestic market as shown in the table below.

Name	Dongwha	Robin	Evergreen (EFB)	Average
Normal Value	***	***	***	***
Domestic Sales	***	***	***	***

48. Normal value so determined comes to USD ***per CBM

Dumping Margin determination in case of other non cooperating exporter-producer from Malaysia.

49. In case of other non-cooperating producer/exporter from Malaysia, normal value has been determined as discussed above. For export price, export price has been taken as per minimum priced export made by cooperating producer/exporter. M/s. Evergreen Fibre JB and M/s. Segamat Panel have also responded and submitted that they have exported below 6 MM thickness only. The Authority have excluded MDF of below 6MM thickness from the scope of the product concern and therefore accordingly, these two exporters have not exported subject goods to India.

50. Considering the normal value and export price as discussed above, dumping margin comes as under: -

Name	Dongwha	Robin	Evergreen (EFB)	Others
Normal Value	***	***	***	***
Export Price	***	***	***	***
Dumping Margin	***	***	***	***
Dumping Margin %	25-30%	18-24%	20-25%	50-55%

F.5 Dumping Margin for China PR

Dumping Margin determination in case of China PR

51. Normal Value - The Authority notes that none of the producer/exporter from China PR have responded to the Authority. The Authority therefore, have no option but to determine normal value on the basis of cost of production and sales of the domestic industry added with reasonable profit margin. Normal value so determined comes to USD ***per CBM.

52. Export Price - The Authority notes that none of the exporter or producer from China PR has responded to the Designated Authority. Designated Authority has therefore, determined export price from China PR as per data made available by the DGCI&S. Adjustment have been made on account of Ocean Freight, Marine Insurance. Inland Transport, Port Expenses. After

adjustment of the above, export price at ex-works level comes to USD ***per CBM.

53. One normal value for country as a whole - Normal value has been determined for China PR as a whole. As no exporter responded from China PR, the Authority has determined normal value based on best information available.

54. Normal value so determined comes to USD ***per CBM

55. Considering the normal value and export price as discussed above, dumping margin for China PR comes as under: -

Normal Value	***
Export Price	***
Dumping Margin	***
Dumping Margin %	120-130%

F.6 Dumping Margin for New Zealand

Dumping Margin determination in case of Carter Holt Harvey - New Zealand

56. Normal Value - The Authority notes that M/s. Carter Holt Harvey one of the producers/exporters from New Zealand has submitted part response to the Authority. Considering the submission made by the exporter to submit the remaining information at the time of verification, the producer/exporter has been treated as cooperating. As per response filed, it is seen that in the domestic market only premium grade is sold, whereas for export to India, premium grade constitute only **%, utility constitute **% and remaining **% are rejects. The Authority therefore, has determined normal value for the Preliminary Findings on the basis of price of premium grade in the domestic market as claimed by the exporter. However, the producer-cum-exporter shall have to satisfy the Authority regarding differences in the technical specifications etc. of utility, downgrade, reject MDF as compared to the premium grade. Normal value so determined comes to USD ***per CBM.

57. Export Price - The Designated Authority has determined export price as claimed by the exporter. Adjustment has been made on account of Ocean Freight, Marine Insurance. Inland Transport, Port Expenses. After adjustment of the above, export price at ex-works level comes to USD ***per CBM.

58. One normal value for country as a whole - Normal value has been determined for New Zealand as a whole. As no producer/exporter responded, Designated Authority has determined normal value based on best information available.

59. Normal value so determined comes to USD ***per CBM.

60. Considering the normal value and export price as discussed above, dumping margin comes as under: -

	Carter	Other
Normal Value	***	***
Export Price	***	***
Dumping Margin	***	***
Dumping Margin %	8-15%	60-70%

G.1 Examination of Injury and Causal Link: -

61. Rule 11 of Anti-Dumping Rules read with Annexure-II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such import is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

62. The Authority notes that the application for imposition of anti-dumping duty has been filed by M/s. Nuchem Limited and M/s. Shirdi Industries Limited, who commands a major proportion of total production of subject goods in India. In terms of Rule 2(b) of the Rules they have been treated as the domestic industry for the purpose of this investigation. The Authority also notes that M/s. Mangalam Timber Products Ltd. is also other known producer of the subject goods in India and has been importing the subject goods substantially during POI from the subject countries.

63. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. are required to be considered in accordance with Annexure II of Rules. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization sales volume etc. are also required to be examined.

G.2. Views of the Domestic Industry:

64. The following are the views of domestic industry:-

(i) Present petition is for imposition of anti dumping duty against dumped imports of Medium Density Fibre Board from various countries in the Indian market. Dumping of the product in India is not a new phenomenon.

(ii) The product is being dumped in the Indian market since quite some time. In fact, in whole injury period, the subject goods have been exported to India below normal value.

(iii) The subject goods has been exported at dumped prices throughout the injury period. Therefore, while analyzing the effect of the dumped imports on the domestic industry, the fact of consistent dumping is required to be considered.

(iv) M/s. Shirdi Industries Limited is a new producer of the product in the Indian market. The company has produced in the period of investigation only and faced dumping in its nascent stage.

(v) Due to commencement of production by M/s. Shirdi industries Limited, various volume parameters may show positive trend. Therefore, while examining injury to the domestic industry, this fact needs to be considered.

(vi) The production of the participating companies accounts for a major proportion in Indian Production. Participating companies constitute domestic industry within the meaning of the Rules.

(vii) Margin of Dumping from each of the subject country is more than the prescribed limit. Volume of imports from each of the subject country is more than de- minimus limits. The product involved from various countries is one like product. There is no difference in physical and chemical properties of the product. The primary factor deciding the source for the consumers is the price, be it the domestic source or imports from subject countries. The exporters from the subject countries and petitioner have sold the same product in the same periods to same category of customers. The sales channels are comparable for the various Foreign Producers and domestic industry. Volume of imports from each of the subject countries is significant.

(viii) Imports from subject countries have increased in absolute term. Imports have increased in relation to production of the product in India. Imports have increased in relation to consumption of the product in India.

(ix) Imports are significantly undercutting the prices of the domestic industry in the market. As a result of significant difference in the price of the domestic industry and imports, the volume of imports have increased more than three times, whereas the domestic industry sales have increased by just 31%, which is also due to entrance of new producer M/s. Shirdi Industries Limited.

(x) As a result of significant price undercutting, the domestic industry has been prevented from increasing its prices necessitated by increase in the cost of production. Resultantly, profitability of the domestic industry deteriorated further in the proposed investigation period.

(xi) Capacity utilization declined continuously, which is directly linked to imports from subject countries. The domestic industry has been prevented from increasing its capacity utilization in a situation where demand has increased by more than 67%. In fact, it can be said that the entire increased demand has been taken away by dumped imports.

(xii) The Indian producers have significant unutilized capacity. There are three producers in India and two are petitioners in the present petition. Other producer has capacity of 30000 MT per annum. There is significant increase in demand in India, which has been captured by the imports from subject countries. As a result, capacity utilization of domestic industry declined significantly in spite of increase in demand in India.

(xiii) Sales volumes of the domestic industry increased in proposed POI as a result of commencement of production and sales by new producer M/s. Shirdi Industries Limited, However, the same could not increase in proportion to the increase in demand.

(xiv) Cost of production of the domestic industry increased by 38% as a result of increase in raw material and utility cost. Selling price also increased by 35%. However, in absolute terms, whereas cost of production increased by Rs. *** pmt over base year, selling price increased by Rs. *** over base year. As a result, contribution declined. Consequently, profitability suffered.

(xv) The Domestic industry improved its performance and made cash profit in 2005-06. However, the same deteriorated in proposed investigation period again.

(xvi) Inventories with the domestic industry increased. Increase in inventory is in spite of increase in sales

(xvii) Productivity of the domestic industry shows same trend as of production, i.e., productivity remained more or less constant over the injury period, except period of investigation, in which production; productivity has increased due to commencement of production by one of the producer.

(xviii) Growth of the domestic industry in terms of a number of volume parameters due to commencement of production by one of the Indian producer. Growth in various injury price parameters remained negative.

(xix) The domestic industry is suffering from dumping for a fairly long period. Dumping adversely affected the performance of the domestic industry throughout the injury period.

(xx) Even when the demand for the product is growing significantly, the domestic industry is prevented from utilizing its existing capacities. Persistent dumping has therefore adversely affected utilization of capacities in the Country. Resultantly, production has suffered.

(xxi) Significant price difference between imported and domestic product is preventing the domestic industry from increasing its sales volumes. Practically entire increase in demand is being met by dumped imports. Persistent dumping is therefore adversely affecting sales volumes of the domestic industry.

(xxii) Imports are significantly undercutting the prices of the domestic industry. Consequently, dumping is preventing price increases that would have otherwise occurred as a result of increase in the cost of production.

(xxiii) Persistent dumping has adversely affected profitability of the domestic industry. The domestic industry suffered financial losses throughout the injury period. Further, profitability and consequently profits position deteriorated further. This directly impacted return on capital employed and cash profits.

(xxiv) Dumping is adversely affecting the growth of the domestic industry

(xxv) Dumping margins are significant. Further, the product was being exported at dumped prices throughout the injury period.

G.3 Views of the Exporters, importers and other interested parties.

65. Other interested parties have made following submissions with regard to injury to the domestic industry and causal link thereof:-

(i) There is no injury to the domestic industry. Injury to the domestic industry is due to other factors than dumping; therefore, there is no causal link between dumping and injury to the domestic industry.

(ii) Analysis of major factors as given in Annexure II as per domestic industry own data reveals that they have failed to make out a case of injury let alone material injury.

(iii) Market share of domestic industry need to be examined in context of entrance of new producer, who has taken away significant market share. Further, same is also required to be examined with reference to non participating producer i.e. M/s. Mangalam Timber Products, whose performance has improved.

(iv) No analysis has been done with the products, which are directly substitute for subject goods like Ply Board, Particle boards, other boards etc. Without taking into account effects from such substitutes, proper and complete injury analysis and non attribution analysis can not be done. Without this, selling price and market share analysis is flawed.

(v) The Production and capacity of the domestic industry has increased, therefore, any injury can not be claimed on these accounts. Drop in capacity

utilization is just 1.7% in spite of addition of capacity and certainly, this can not be a factor of injury.

(vi) M/s. Nuchem Ltd. has given much higher installed capacity in petition whereas their licensed capacity is much lower.

(vii) Admittedly, sales has increased by 31%, therefore, this cannot be a factor of injury.

(viii) Increase in imports is due to unprecedented increase in demand in India. Domestic industry is not in a position to meet the demand, therefore, demand is being met through imports. The Domestic industry did not make efforts to increase their capacity in terms of volume, size, product range. Product of the domestic industry are not comparable to the imported product.

(ix) Financial performance of the domestic industry is de-linked with the imports. Admittedly, domestic industry has incurred losses in 2005-06, though, claimed that dumping has been there in that period also. The Authority may ask the domestic industry to provide detailed information over the injury period.

(x) The domestic industry is clearly trying to take shelter of ADD in a situation, which is plagued due to other factors unrelated to imports. Interestingly, data is indexed, and therefore, they are not able to comment.

(xi) No confidentiality can be claimed on inventories and methodology thereof. The Authority may compare inventory in terms of number of days, sales and production in view of the fact that new capacity has been added in POI. It is also likely that newcomer M/s. Shirdi Industries Ltd. may have faced some difficulties in production and stabilization of their products due to startup operations. A thorough analysis of each of the constituents of domestic industry needs to be carried out by the Designated Authority before reaching to any conclusion. Admittedly, employment, wages and productivity do not shows any injury.

(xii) Selling price have gone up by 35% in POI. Domestic industry has been able to increase their prices in spite of their claim that there has been significant price undercutting throughout the injury period.

(xiii) The claim of the domestic industry that dumping has been taking place throughout the injury period is self-serving as one of the petitioners M/s. Shirdi Industries Limited has been one of the leading importer of MDF in India prior to set up of their plant. Published financial statements of M/s. Nuchem Ltd. clearly shows that their performance has improved.

(xiv) M/s. Nuchem Ltd. has been performing poor since long, due to production and financial problems, which shows that there was no nexus between imports and their performance.

(xv) Admittedly, M/s. Shirdi Industries Ltd. does not have any experience in handling labour intensive operations and manufacturing activities, which is affecting their profitability and performance. Therefore, domestic industry can not allege injury if any to the alleged dumped imports.

(xvi) Performance of M/s. Mangalam Timber Products Ltd. has improved in spite of alleged dumped imports with almost 100% Capacity Utilization. Increase in performance of M/s. Mangalam Timber Products Ltd. shows that imports have no effect on performance of the domestic industry and performance of domestic producers is poor due to historical reasons and unviable capacities.

(xvii) Size of plant of the domestic industry can not provide economy of scale. Capacity of M/s. Nuchem Ltd. is 45000 MT and M/s. Shirdi Industries Ltd. is 30000 MT. Against this, typical plant size in subject countries is 100000 MT, while some bigger plants has capacity of 300000 MT. Small Indian plants cannot be viable in the era of globalization and reduced tariff barriers.

(xviii) M/s. Shirdi Industries Ltd. enjoys several tax benefits including Excise Duty, Sales Tax and Income Tax and able to sell product at lower prices in the market, which competes with M/s. Nuchem Ltd. in the domestic market.

(xix) The importers in India incurred substantial amount to build their brand name for promotional activities. The price at which imported material is being sold is higher than the price of the domestic industry. The Authority should consider these facts while examining price effects.

(xx) Cash profits of domestic industry improved substantially in spite of alleged dumping

(xxi) M/s. Shirdi Industries Ltd. has huge interest cost, with lot of pressure on the company. Depreciation cost is also on higher side being new capacities. Trend analysis ought to have factored with this.

(xxii) US \$ Exchange rate dropped from Rs. 47 to Rs. 37 in POI, no effect is considered in the petition in this regard.

(xxiii) There are a number of reasons/factors other than dumping, which have caused injury to the domestic industry.

G.4 Examination by the Authority

66. The Authority has noted the views expressed by the interested parties in respect of the injury claims of the domestic industry and examined the mandatory factors for the purpose of provisional injury determination and causal link analysis in these findings.

G.5 Cumulative assessment of injury

67. As per annexure-II (iii) of the Rules, in case, imports of a product from more than one country are being simultaneously subjected to Anti-Dumping investigation, the Authority is required to cumulatively assess effect of such imports, only when it determines that:-

- (i) The margin of dumping established in relation to imports from each country is more than 2% expressed as percentage of export price and the volume of the imports from each country is 3% of the imports of like article, and,
- (ii) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic article.

68. In the instant case, product is being dumped from more than one country. The Authority, therefore, examined whether the injury to the domestic industry must be determined cumulatively from these sources. The Authority has found that the margin of dumping in respect of each of the subject country is more than 2% and the volume of imports from each country is also more than 3%. Cumulative assessment of injury is appropriate in respect of these countries in view of the followings-

i. The subject goods have been imported from the subject countries under the same tariff classification;

ii. The Authority has found that the imported subject goods are commercial substitutes of the domestically produced product.

iii. The information furnished to the Authority gives a reasonable indication that the exports made from the subject countries compete in the same market, as these are like products.

iv. Consumers are using domestic material as also imported material. Same category of customers who are buying the product from the domestic industry, who are importing product from subject countries.

68-A The Authority notes that it is appropriate to cumulatively assess the effect of dumped imports on the domestically produced like article.

G.6 Volume Effect of dumped imports and Impact on domestic industry

69. Transaction-wise information of imports has been called for from DGCI&S for the imports of product concern in India. The information has been furnished by the DGCI&S, which has been analyzed by the authority as tabulated below.

G.6.1 Import Volumes and share of subject countries

70. Volumes of imports of the subject goods have been as under:-

	Units	2004-05	2005-06	2006-07	POI
<u>Imports from</u>					
China PR	CBM	436	1,251	7,904	16,642
Malaysia	CBM	6,539	16,010	14,183	22,576
New Zealand	CBM	1,657	7,435	5,873	8,001
Thailand	CBM	740	3,049	2,176	13,169
Srilanka	CBM	23,365	36,009	30,869	35,902
Subject countries	CBM	32,736	63,753	61,005	96,289
Trend	Indexed	100	195	186	294
Others	CBM	5,070	9,372	4,629	2,313
Total	CBM	37,806	73,125	65,634	98,602
Trend	Indexed	100	193	174	261
Market Share in Imports					
China PR	%	1.15	1.71	12.04	16.88
Malaysia	%	17.29	21.89	21.61	22.90
New Zealand	%	4.38	10.17	8.95	8.11
Thailand	%	1.96	4.17	3.32	13.36
Srilanka	%	61.80	49.24	47.03	36.41
Subject Countries	%	86.59	87.18	92.95	97.65
Others	%	13.41	12.82	7.05	2.35
Total	%	100	100	100	100

71. The above data indicates that total imports and dumped imports of the subject goods from the subject countries have increased substantially during the injury examination period by about 161%. and 194% respectively. The share of dumped imports from the subject countries has increased from 86.59% in 2004-05 to 97.65% in the POI.

G.7 Demand and Market shares

72. Demand of subject goods has been determined by adding domestic sales of domestic industry, domestic sales of other Indian producers and imports from all countries. Further, the market share of the domestic industry declined from 38.80% in the base year to 31.34% during POI. At the same time, the market share of the other Indian producer also declined from 29.53% to 17.56%. In the scenario of persistent growth in demand, while the share of domestic industry as well as Indian producers as a whole declined, market share of imports from subject countries registered a significant rise from 27.43% in the base year to 49.90% during POI. The Authority notes that the demand for the subject goods has been growing from base year to POI. It grew by 62% during POI as compared to base year i.e. 2004-05. Further the growth in demand during POI over immediate preceding year has been substantial.

73. Share of imports for each of the subject countries in demand/consumption in India has been as under:

	Unit	2004-05	2005-06	2006-07	POI
Demand					
Sales of Domestic Industry	CBM	46,301	46,130	42,218	60,484
Sales of Other Indian Producer	CBM	35,237	27,399	40,302	33,890
Imports in India	CBM	37,806	73,125	65,634	98,602
Demand in India	CBM	119,344	146,655	148,154	192,976
Trend	Indexed	100	123	124	162
Market Share in Demand					
China PR	%	0.37	0.85	5.34	8.62
Malaysia	%	5.48	10.92	9.57	11.70
New Zealand	%	1.39	5.07	3.96	4.15
Thailand	%	0.62	2.08	1.47	6.82
Sri Lanka	%	19.58	24.55	20.84	18.60
Subject Countries	%	27.43	43.47	41.18	49.90
Others	%	4.25	6.39	3.12	1.20
Domestic industry	%	38.80	31.45	28.50	31.34
Other Indian Producers	%	29.53	18.68	27.20	17.56
Total Imports	%	31.68	49.86	44.30	51.10

74. From the above Table, the Authority notes the following:-

(i) Demand of the product concern increase by 62%.

(ii) Subject countries have captured significant market share. Market share of subject countries, which was just 27.43% in the base year increased to 49.90% in the Period of Investigation.

(iii) The Authority has also examined market share of Indian industry in total consumption / demand in India. The Authority notes that market share of Indian industry in demand of product concern also shows declining trend.

(iv) Clearly, imports have significant volume effect both in absolute term as well as relative to production and consumption.

G.8 Capacity, production and capacity utilization of the Domestic Industry:

	Unit	2004-05	2005-06	2006-07	POI
Capacity	CBM	59,850	59,850	59,850	100350
Production	CBM	46,120	45,873	42,000	65,163
Capacity Utilization	CBM	77.06	76.65	70.18	64.94
Sales	CBM	46,301	46,130	42,218	60,484

75. The Authority notes that capacity, production and sales of the domestic industry increased in the POI as M/s. Shirdi Industries Limited one of the constituents of the domestic industry commenced production and sales in the POI only, therefore, due to entrance of a new producer in the market, the absolute indices like capacity, production, and sales are bound to increase during POI while, the capacity utilization of the domestic industry declined to 64.86% during POI as compared to 77.06% in the base year. During 2004-05 to 2006-07 when only M/s. Nuchem Ltd. was in operation, the production and sales and capacity utilization declined on continued basis. For instance, capacity utilization of Nuchem was only 70.18% during 2006-07 as compared to 77.06% in base year.

G.9 Dumped Imports in relation to Indian Production

76. Dumped imports in relation to Indian production has been as under:

Particulars	Unit	2004-05	2005-06	2006-07	POI
Production	CBM	46,120	45,873	42,000	65,163
Imports					
China PR	%	0.95	2.73	18.82	25.54
Malaysia	%	14.18	34.90	33.77	34.64
New Zealand	%	3.59	16.21	13.98	12.28
Thailand	%	1.60	6.65	5.18	20.21
Sri Lanka	%	50.66	78.50	73.50	55.09
Subject countries	%	70.98	138.98	145.25	147.77

77. The Authority notes that imports from subject countries in relation to Indian production have been increasing throughout the injury period. The Authority notes that dumped imports of the subject goods were 70.98% during 2004-05 and increased to 147.77% during POI in relation to production of domestic industry. In a nutshell, the Authority notes that there has been an absolute increase in imports throughout the injury period and particularly during POI as well as relating to production of the domestic industry and consumption in India.

H.1 Price Effect of the Dumped imports on the Domestic Industry & factors affecting prices

H.1.1. Price undercutting and underselling effects

78. Information relating to price undercutting and underselling is given in the following table.

	Unit	2004-05	2005-06	2006-07	POI

Net Sales Realization	Rs/CBM	***	***	***	***
Landed Price					
China PR	Rs/CBM	9609	10774	9996	10118
Malaysia	Rs/CBM	10609	9024	10994	12004
New Zealand	Rs/CBM	11478	11185	10974	11572
Thailand	Rs/CBM	13353	11488	10821	12899
Sri Lanka	Rs/CBM	10490	11036	11753	12023
Subject Countries	Rs/CBM	10617	10564	11241	11772
Price undercutting					
China PR	Rs/CBM	***	***	***	***
Malaysia	Rs/CBM	***	***	***	***
New Zealand	Rs/CBM	***	***	***	***
Thailand	Rs/CBM	***	***	***	***
Sri Lanka	Rs/CBM	***	***	***	***
Subject Countries	Rs/CBM	***	***	***	***
Price undercutting (%)					
China PR	%	10-20	8-15	20-30	30-40
Malaysia	%	1-10	20-30	15-25	18-28
New Zealand	%	Negative	5-15	10-20	20-30
Thailand	%	Negative	1-10	10-20	10-20
Sri Lanka	%	5-15	5-15	10-20	20-30
Subject Countries	%	1-10	10-20	10-20	20-30
Non Injurious Price	Rs./CBM				***
Price Underselling					
China PR	Rs./CBM				***
Malaysia	Rs./CBM				***
New Zealand	Rs./CBM				***
Thailand	Rs./CBM				***
Sri Lanka	Rs./CBM				***
Subject Country	Rs./CBM				***

Price Underselling (%)	%				
China PR	%				60-70
Malaysia	%				30-40
New Zealand	%				40-50
Thailand	%				20-30
Sri Lanka	%				30-40
Subject Countries	%				35-45

79. As per Rule 11 of Anti Dumping Rules read with Annexure II, the impact of dumped imports from the subject countries on the prices of the domestic industry have been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis the weighted average cost of production, weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the Domestic industry have been compared with the landed cost of imports from the subject countries. It is evidently clear from the above table that landed price of product concern is significantly lower than selling price of domestic industry, causing significant price undercutting, which is further increased during POI.

H.1.2 Price suppression and depression effects of the dumped imports:

Movements in cost of Sales vs. selling price

	Unit	2004-05	2005-06	2006-07	POI
Cost of Sales	Rs/CBM	***	***	***	***
Trend	Indexed	100.00	98.81	118.43	134.04
Selling price	Rs/CBM	***	***	***	***
Trend	Indexed	100.00	106.90	117.00	133.11

80. The trend in the movement of selling price during injury period shows that selling price of domestic industry have shown rising trend and therefore, price depression effect has not been found to exist. Further the domestic industry has been able to increase the selling price almost commensurate the increase in cost therefore, price suppression effect is absent.

H.1.3 Examination of other Injury Parameters

81. The above analysis shows that the dumped import have adverse effect on the domestic industry in terms of increase in volume of dumped imports both in absolute terms and market shares. The price under cuttings in respect of subject goods has been significant. However, the movement in selling price has been commensurate with the corresponding movements in cost of sales.

H.1.4. Profits, return on investments and cash flow:

	Unit	2004-05	2005-06	2006-07	POI
Profit & Loss	Rs/CBM	***	***	***	***
Trend	Indexed	(100.00)	(2.66)	(135.46)	(145.06)
Total profit & loss (PBT)	Rs/Lacs	***	***	***	***
Trend	Indexed	(100.00)	(2.65)	(123.52)	(189.50)
PBIT	Rs/Lacs	***	***	***	***
Trend	Indexed	100	260.36	68.70	96.19
Return on capital employed	%	***	***	***	***
Trend	Indexed	100.00	257.09	74.78	35.47
Cash profit	Indexed	(100.00)	219.16	(136.03)	(159.08)

82. The above table indicates that domestic industry continuously made financial losses during the injury period. The ROI has declined throughout in the injury period after achieving the level of ***%. In absence of dumped imports, domestic industry would have made better realization and better ROI. There has been a cash loss both in POI as well as immediate proceeding period 2006-07.

H.1.5. Return on Investment and ability to raise capital:

83. As indicated earlier, till 2006-07, only M/s Nuchem Industries Ltd. was domestic industry, which has not enhanced its capacity. Therefore, the ability to raise capital particularly when the return on investments has declined could not be assessed.

H.2. Productivity:

	Unit	2004-05	2005-06	2006-07	POI
Productivity per employee	Indexed	100	108	107	145
Productivity per day	Indexed	100	99	91	141

84. The data on production per employee shows that the productivity of the domestic industry increased due to commencement of new capacity.

H.3. Employment and wages

	Unit	2004-05	2005-06	2006-07	POI
Employment	Indexed	100	92	85	97

Wages	Indexed	100	95	98	135
Wages per employee	Indexed	100	104	115	139

85. It may be seen that the employment level and wages per employee does not show significant change.

H.4. Inventories

	Unit	2004-05	2005-06	2006-07	POI
Opening Inventories	CBM	***	***	***	***
Closing Inventories	CBM	***	***	***	***
Average Inventories	CBM	***	***	***	***
Trend	Indexed	100	71	33	139

86. The above table shows that the average inventory declined till 2006-07 and started accumulating in POI. The closing inventory as on 31 December, 2007 was *** CBM as against *** CBM in January, 2007.

H.5 Growth

87. Overall growth of the domestic industry remained negative in terms of value parameters. In volume parameters, growth became positive in absolute term in POI due to entrance of a new producer. However, when the same is compared in relation to demand and market share, growth in volume terms also remain negative only. In price parameters, though, performance of domestic industry deteriorated significantly with reduced ROI and cash losses. Industry have to follow a long way to make their venture profitable and remunerative.

H.6. Investment

88. The domestic industry has made new investment in new capacity. M/s Shirdi industries Limited is a new entrance in the MDF and started production only in POI. The Authority also notes that some other producers are also investing in MDF production because of significant increase in demand in the country and with the expectation of better margins. However, the dumped imports have caused them injury before commencement of production itself.

H.7. Magnitude of Dumping

89. Dumping margin from each of the subject country is significant as has been discussed in dumping section.

H.8. Factor effecting prices:

90. Preliminary examination of trend in the volume of dumped imports and prices of the subject countries and the domestic prices indicate that the dumped imports have affected the prices of the domestic industry.

H.9. Over all assessment:

91. The above preliminary analysis indicate that in spite of absolute increase in production, sales and capacity, the domestic industry suffered injury on account of decline in market share, decline in profitability and cash losses. The volume of dumped imports from subject countries have increased substantial. The landed price of imports from subject countries have undercut the prices of domestic industry throughout the injury period and its intensity peaked during POI. In a scenario of arising demand for the product under consideration the domestic industry is left with idle capacity. The injury suffered by the domestic industry is material and significant.

I. Causal Link and other factors

92. Having examined the existence of material injury and volume and price effect on dumped imports on the price of domestic industry in terms of price undercutting, price underselling etc. other indicative parameters listed under the Indian Rules and Agreement on Anti-Dumping have been examined to see whether any other factors, other than dumped imports have contributed to injury to the domestic industry. Accordingly, the following parameters have been examined.

J.1 Volume and prices of imports from other sources:

93. The Authority notes that volume of imports from other than subject countries is either di-minimis, other countries are therefore, not causing any injury to the domestic industry.

J.2 Contraction in demand and / or change in pattern of consumption:

94. There is no contraction in demand therefore, contraction in demand can not cause any injury to the domestic industry.

J.3 Trade restrictive practices of and competition between the foreign and domestic producers:

95. The Authority notes that there is no restricted practice prevalent in the industry, which could be attributed to the injury to the domestic industry.

J.4 Development of technology:

96. The technology as also production process for producing subject goods is fairly stabilized with little technical or technological developments. There is hardly any technological advancement.

J.5 Export performance:

97. None of the producers are exporting product concern. therefore, any possible decline can not have caused injury to the domestic industry.

K. Indian industry interest

98. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the products to the consumers.

99. The Authority takes a note that the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition in the Indian market will not be reduced by the antidumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers.

L Factors establishing causal link

100. Analysis of the performance of the domestic industry over the injury period shows that the performance has materially deteriorated due to dumped imports from the subject countries. The volume of dumped imports from the subject countries has sharply increased and landed prices were undercutting the prices of domestic industry which was maximum during the period of investigation. The domestic industry failed to recover its actual cost of production and earn reasonable profits and were compelled to under sell the product. Increase in volume of dumped imports and reduction in market share of domestic industry coupled with idle capacity has adversely affected profit, return on investment. The authority provisionally concludes that domestic industry suffers material injury and the injury has been caused by the volume and prices effect of dumped imports from the subject countries.

L.1 Magnitude of Injury and Injury Margin

101. The non-injury price determined by the authority has been compared with the landed value of exports from the subject countries for determination of injury margin.

US \$ per CBM

	Country	NIP	Landed	Injury Margin	Injury Margin %
Siam Fibre Board Co.	Thailand	***	***	***	30-40
Vanachai Panel	Thailand	***	***	***	25-30
Vanachai Group	Thailand	***	***	***	20-30
Metro MDF	Thailand	***	***	***	20-30
Metro Fibre	Thailand	***	***	***	25-35
Advance Fibre	Thailand	***	***	***	30-40
Others	Thailand	***	***	***	30-40
Merbok	Srilanka	***	***	***	25-35
Others	Srilanka	***	***	***	65-75
Evergreen Fibre Board	Malaysiya	***	***	***	25-35
Dongwha	Malaysiya	***	***	***	30-40
Robin Resources	Malaysiya	***	***	***	25-35
Others	Malaysiya	***	***	***	55-65
Carter Holt Harvey	New Zealand	***	***	***	10-20
Others	New Zealand	***	***	***	40-50
China	China	***	***	***	55-65

M. Conclusions

102. After examining the issues raised and submissions made by the interested parties and facts made available, the Authority provisionally concludes that:-

(i) Subject goods have been exported from subject countries to India at dumped prices. The dumping margins of the subject goods imported from the subject countries are substantially and above di-minimis.

(ii) Domestic industry has suffered material injury and injury has been caused to the domestic industry both by the volume and price effect of dumped import of the subject goods originating in or exported from the subject countries

N. Recommendations

103. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspect of dumping, injury and causal links. Having initiated and conducted a preliminary investigation into dumping, injury and causal links between dumping and injury to the domestic industry in terms of the Rules laid down and having provisionally established positive dumping margin against the subject countries as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of provisional duty is required to offset dumping and injury pending completion of the investigation. Therefore, the Authority considers it necessary and recommends provisional Anti-Dumping Duty on imports of subject goods from the subject countries in the form and manner described hereunder.

104. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of provisional Anti-Dumping Duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, provisional Anti Dumping Duty equal to the difference between the amount indicated in Col 9 of the table below and landed value of imports is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from the subject countries.

N.1 Duty Table

Sl. No.	Heading/ Sub-heading/Tariff item	Description	Country of origin	Country of export	Producer	Exporter	Unit	Amount	Currency
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
1	44.11	Plain Medium Density Fibre Board from 6MM and above	Thailand	Thailand	Siam Fibreboard Company Limited	Siam Fibreboard Company Limited	Per Cubic Meter	355.62	USD
2	As above	As above	Thailand	Thailand	Vanachai Panel Industries Co.,Ltd	Vanachai Panel Industries Co.,Ltd	Per Cubic Meter	376.65	USD
3	As above	As above	Thailand	Thailand	Vanachai Group Public Company Limited	Vanachai Group Public Company Limited	Per Cubic Meter	370.69	USD
4	As above	As above	Thailand	Thailand	M/s. Metro M.D.F. Co. Ltd.	M/s. Metro M.D.F. Co. Ltd.	Per Cubic Meter	381.73	USD
5	As above	As above	Thailand	Thailand	M/s. Metro Fiber Co. Ltd.	M/s. Metro Fiber Co. Ltd.	Per Cubic Meter	367.89	USD
6	As above	As above	Thailand	Thailand	M/s. Advance Fiber Co. Ltd	M/s. Advance Fiber Co. Ltd	Per Cubic Meter	363.20	USD
7	As above	As above	Thailand	Thailand	Any other combination other than SN 1 to 6			387.33	USD
8	As above	As above	Thailand	Any Country other than Thailand	Any	Any	Per Cubic Meter	387.33	USD
9	As above	As above	Any Country other than Subject Country	Thailand	Any	Any	Per Cubic Meter	387.33	USD
10	As above	As above	Sri Lanka	Sri Lanka	Merbok MDF Lanka (Pvt) Ltd	Merbok MDF Lanka (Pvt) Ltd	Per Cubic Meter	331.49	USD
11	As above	As above	Sri Lanka	Sri Lanka	Any other combination other than SN 10			324.32	USD
12	As above	As above	Sri Lanka	Any Country other than Sri Lanka	Any	Any	Per Cubic Meter	324.32	USD
13	As above	As above	Any Country other than Subject Country	Sri Lanka	Any	Any	Per Cubic Meter	324.32	USD
14	As above	As above	Malaysia	Malaysia	Dongwha Fibreboard Sdn. Bhd.	Dongwha Fibreboard Sdn. Bhd.	Per Cubic Meter	349.67	USD
15	As above	As above	Malaysia	Malaysia	Robin Resources (Malaysia) Sdn Bhd	Robin Resources (Malaysia) Sdn Bhd	Per Cubic Meter	358.53	USD

Sl. No.	Heading/ Sub-heading/Tariff item	Description	Country of origin	Country of export	Producer	Exporter	Unitt	Amount	Currency
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
16	As above	As above	Malaysia	Malaysia	Evergreen Fibre Berhad (EFB)	Evergreen Fibre Berhad (EFB)	Per Cubic Meter	350.31	USD
17	As above	As above	Malaysia	Malaysia	Any other combination other than SN 14 to 16		Per Cubic Meter	340.41	USD
18	As above	As above	Malaysia	Any Country other than Malaysia	Any	Any	Per Cubic Meter	340.41	USD
19	As above	As above	Any Country other than Subject Country	Malaysia	Any	Any	Per Cubic Meter	340.41	USD
20	As above	As above	New Zealand	New Zealand	Carter Holt Harvey	Carter Holt Harvey	Per Cubic Meter	378.45	USD
21	As above	As above	New Zealand	New Zealand	Any other combination other than SN 20		Per Cubic Meter	391.40	USD
22	As above	As above	New Zealand	Any Country other than New Zealand	Any	Any	Per Cubic Meter	391.40	USD
23	As above	As above	Any Country other than Subject Country	New Zealand	Any	Any	Per Cubic Meter	391.40	USD
24	As above	As above	China	China	Any	Any	Per Cubic Meter	395.52	USD
25	As above	As above	China	Any Country other than China	Any	Any	Per Cubic Meter	395.52	USD
26	As above	As above	Any Country other than Subject Country	China	Any	Any	Per Cubic Meter	395.52	USD

O. Further Procedures

105. The following procedure would be followed subsequent to notifying the preliminary findings: -

- (i) The Authority invites comments on these findings from all interested parties and the same would be considered in the final finding;
- (ii) Exporters, importers, applicants and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days from the date of the dispatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings.

- (iii) The Authority would conduct further verification to the extent deemed necessary.
- (iv) The Authority would disclose essential facts before announcing final findings.

(R. Gopalan)
The Designated Authority