

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)

NOTIFICATION

New Delhi the 28th.Feb. 2008

Preliminary Findings

Subject:- Anti-Dumping Investigations involving imports of Rubber Chemicals viz. MBT, CBS, TDQ, PVI and TMT originating in or exported from China and PX 13 (6PPD) from China and Korea RP.

No. 14/5/2007-DGAD:- Having regard to the Customs Tariff Act 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti- Dumping Duty on Dumped Articles and for Determination of Injury) Rules, (hereinafter referred as Rules) 1995 thereof;

A. PROCEDURE

2. The procedure described below has been followed:

- i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from National Organic Chemical Industries Ltd., Mumbai on behalf of the domestic industry, alleging dumping of certain Rubber Chemicals, viz, MBT, CBS, TDQ, PVI and TMT originating in or exported from China PR and PX 13 (6PPD) from China PR and Republic of Korea (hereinafter also referred to as subject countries).
- ii. The Authority notified the Embassies / Representatives of the subject countries in India about the receipt of dumping application made by the petitioner before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra;
- iii. The Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, issued a public notice dated 6th July, 2007 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of Rubber Chemicals viz, MBT, CBS, TDQ, PVI, TMT and PX 13 (6PPD) originating in or exported from the subject countries, in accordance with the sub-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.

iv. The Designated Authority sent copies of initiation notification dated 6th July, 2007 to the Embassies of the subject countries in India, known exporters from the subject countries, importers, consumers and the domestic industry as per the addresses made available by the applicant and requested them to make their views known in writing within 40 days of the initiation notification.

v. The Authority provides copies of the non-confidential version of the application to the known exporters and to the Embassies of subject countries in accordance with Rule 6(3) supra.

vi. The Embassies of the subject countries in India were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter and questionnaire sent to the exporters were also sent to them along with the names and addresses of the exporters.

vii. The Authority sent questionnaires to elicit relevant information to the following known exporters in subject countries in accordance with Rules 6(4).

S.N.	Company's Name	Country
1.	Nanjing Chemical Plant	China
2.	Zhejiang Yongjia Chemical Factory	China
3.	Shandong Shanxian Chemical Co.Ltd.	China
4.	Zhenjiang No.2 Chemical Factory	China
5.	Hebei Haufeng Chemical Group	China
6.	Qingdao Rubber Chemical Group	China
7.	Shenzhen Huaren Industrial Co.	China
8.	Yixing Dongfang Fine Chemicals	China
9.	Zhejiang Yueqing Ultrafine Powders & Chemicals Co.Ltd.	China
10.	Shandong Yanggu Huatai Chemical Co.Ltd.	China
11.	Korea Kumho Petrochemical Co.Ltd.,	Korea

viii. In response to the above notification, the following exporters from China PR & Korea RP filed their questionnaire responses. The Chinese exporters also filed responses to Market Economy questionnaire.

1. Sinorgchem (Group)Co. – Shandong – China PR
2. Shandong Shanxian Chemical Co. Ltd.- China PR
3. Shandong Yanggu Huatai Chemical Co. Ltd.- China PR
4. Korea Kumho Petrochemical Co. Ltd. – Korea

ix. Questionnaire was sent to the following known importers and Consumers of subject goods in India calling for necessary information in accordance with Rule 6(4).

S.N.	Company's Name
1.	J.K. Industries Ltd., Kolkata
2.	CEAT Limited, Mumbai
3.	Appollo Tyres Ltd., Kochi
4.	Birla Tyre, Kolkata
5.	MRF Limited, Chennai
6.	Metro Tyres Ltd., Ludhiana
7.	Poddar Tyres Ltd. , Ludhiana
8.	Raison Ind. Ltd., New Delhi
9.	Rubber Products Ltd., Mumbai

x. In response to the notification, response has been received from Automotive Tyres Manufacturer's Association (ATMA), J.K.Industries Ltd. and PMC Group International, which has been considered in the present findings..

xi. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;

xii. 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 the period of investigation;

xiii. Optimum cost of production and cost of to make & 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 the dumping margin would be sufficient to remove injury to Domestic Industry.

xiv. Investigation was carried out for the period starting from 1st April, 2006 to 31st March, 2007 (POI). The examination of trends, in the context of injury analysis, covered the periods April 2003-March 2004, April 2004-March 2005, April 2005-March 2006 and the POI.

xv. *** in this notification represents information furnished by the applicant on confidential basis, and so considered by the Authority under the Rules.

B. Product under consideration

3. The product under consideration in the present investigations is following Rubber Chemicals:-

i. MBT, having chemical description 2-Mercapto Benzothiazole, with other trade/brand name as Accelerator M, Accelerator MBT etc.

ii. CBS, having chemical description N-Cyclohexyl-2-Benzothiazole Sulphenamide with other trade name/brand names as Accelerator CZ. Accelerator HBS, CBS etc.

iii. TDQ, having chemical description Polymerized 2,2,4 – Trimethyl-1,2-dihydroquinoline with other trade/brand names as TMR or Antioxidant RD etc.

iv. PVI, having chemical description N-(Cyclohexylthio) Pthalimide with other trade/brand names as Anti Scorch agent CTP, PVI etc.

v. TMT having chemical description as Tetramethylthiuram Disulfide with other trade/brand names as Accelerator TMTD Thiuram C etc.

vi. Px-13 (6PPD) having chemical description N-(1,3-dimethyl butyl)-N'' Phenyl-P-1 with other trade/brand names as 6C, Pilflex 13, Sirantox 4020 Antioxidant 4020, Kumhonax 13 Vulcanox 4020 etc.

4. The above have been referred to as subject goods also in the present notification.

5. The subject rubber chemicals as detailed above are used in treating natural rubber and synthetic rubber based compounds. The products do not have a dedicated classification even at eight-digit level. The products are imported under Chapter 29 and 38 of the Customs Tariff Act. Customs classification is indicative only and in no way binding on the scope of the present investigation. Since the products do not have a dedicated classification, information provided by the data compiling agencies (IBIS) has been relied upon in the

present findings. This information has been correlated with the information provided by responding foreign producers.

The user industry is broadly divided into two segments – tyre and non-tyres. In both the segments, it is used for processing of various types of natural and synthetic rubbers. These are stated to be not a principal input/raw material to any industry and are only processing chemicals.

C. Like Article

6. Petitioner has claimed that there is no significant difference in subject goods produced by the domestic industry and exported from the subject countries. Each of the subject rubber chemical produced by the domestic industry is individually comparable to respective rubber chemicals imported from subject countries 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. Both are technically and commercially substitutable and hold closely resembling characteristics. It was claimed by the domestic industry that the consumers are using the two interchangeably. For the purpose of present investigation, each of the subject rubber chemical produced by the petitioner are being treated as like article to the respective rubber chemical imported from the subject country(ies) within the meaning of the Anti Dumping Rules.

D. Standing of the Petitioner and Initiation of the Investigation

7. The petition was filed by M/s. National Organic Chemical Industries Limited, Mumbai. There are three other producers of the subject goods in India viz. M/s. Lanxess India Pvt.Ltd., Thane; PMC Rubber Chemicals India Pvt.Ltd., Hooghly; and Merchem Ltd., Ernakulam. Petitioner claimed that the intensity of dumping had been such that while some of Indian Producers have substantially exited from manufacture of rubber chemicals and in fact, turned traders, resorting to imports of rubber chemicals, others have started importing intermediates from China, even at penultimate stage, where the further processing involved is insignificant in terms of total production activities. Petitioner further claimed that whether production of other Indian Producers is included or excluded, production of the petitioner constitutes more than 50% of Indian Production for each of the subject chemicals.

8. One of the responding exporters M/S Sinorgchem Group of Companies has pleaded in their submissions that NOCIL has deliberately not provided details of its estimates of production for other companies so that other producers who are opposing the petition may not

rebut the claims on production. It has further been pleaded that NOCIL has not provided sufficient details and has succeeded in misleading the Designated Authority in initiating the proceedings.

9. The Authority having taken above submissions into consideration notes that the copy of initiation notification was sent to all other named domestic producers to enable them to rebut the claims of the petitioner on all aspects of the case including their manufacturing capacity, production etc. Apart from Swarup Chemicals (P) Ltd. And PMC Group International, no other domestic producer named in the petition and to whom the notices were sent, has submitted its response. Whereas Swarup Chemicals (P) Ltd. claiming to have an annual capacity of 4250 MT for manufacture of MBT, CBS, TMT and TDQ have supported the petition of the Domestic Industry, PMC Group has stated in their submissions that they are major importers of the subject goods from subject countries. Having considered all the aspects and based upon the information on record, the Authority has determined that production by petitioner company during POI constituted a major proportion in the Indian production for each of the subject rubber chemicals, as is seen from the table below:-

S.No	Type of rubber chemical	NOCIL production	Production of Other Indian Producers (estimated)	Total Indian Production	Share of NOCIL in Indian Production
1.	PX 13	***	***	***	69.30%
2.	TDQ	***	***	***	77.78
3.	PVI	***	***	***	83.01%
4.	TMT	***	***	***	63.59%
5.	MBT	***	***	***	79.07%
6.	CBS	***	***	***	72.19

10. The Authority therefore holds 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.

E. Other submissions and issues raised

11. APJ-SLG Law Offices have submitted a response on behalf of the Tyre Manufacturers Association. In their submissions they have stated that since there are six different products involved, Authority should have initiated six different investigations so that dumping, injury and causal link analysis could be done in a meaningful way. They have stated that domestic industry clearly lays down that domestic industry means the domestic producers engaged in the manufacture of like article and therefore the investigation should be

restricted to only one article. It has been stated that for the purposes of standing petitioner has not considered the data of other domestic manufacturers.

12. From amongst importers, J.K.Industries Ltd. has furnished a response in the form of importers questionnaire and the details and data provided have been considered for the sake of these preliminary findings

F. Determination of Dumping Margin

F.1 Examination of market Economy claims of Producer / Exporter from China.

13. The Authority notes that in the past three years, China PR has been treated as a non-market economy country in the anti-dumping investigations by other WTO members. Therefore, in terms of Para 8(2) of the annexure-1 of Anti-dumping rules, China PR has been treated as a non-market economy country subject to rebuttal of the above presumption by the exporting country or individual exporters in terms of the above Rules.

14. As per Paragraph 8, Annexure 1 to the Anti-Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove to the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment (MET) questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- a. the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand without significant state interference in this regard, and whether costs of major inputs substantially reflect market values;
- b. the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c. Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms.
- d. The exchange rate conversions are carried out at the market rate.

15. The Authority notes that three producers and exporters of the subject goods from China have submitted their exporter's questionnaire responses and market economy questionnaire responses, consequent upon the initiation notice issued by the Authority and rebutted the non-market economy presumption. The questionnaire responses and the Market Economy responses of the responding producers and exporter have been examined for determination of normal value of the responding producers/exporter of the subject goods from China as follows:

a) **M/s. Shandong Shanxian Chemical Co.Ltd.**

i. M/s. Shandong Shanxian Chemical Co.Ltd. has filed an exporter's questionnaire response and MET response in this matter as a producer and exporter of the subject goods. Additional information was also called for from the applicant on its claim of market economy status. The Authority notes that M/s. Shandong Shanxian Chemical Co.Ltd. appears to be a company under transformation as the factory was very much in existence during 1998-99 itself.

ii. The producer was advised to submit the necessary details of transformation i.e. transfer of assets and liability of the former enterprise during 1998-99, process followed valuation of assets etc. The producer vide its letter dated Dec. 2007 submitted certain additional information.

iii. Pending the examination of the status of the erstwhile company and its shareholding; valuation of assets and liability, its impact on the cost and prices, business decision of the company, and verification of the same, the Authority is of the view that this producer-exporter from China can not be granted market economy status for the preliminary determination of its normal value.

b) **M/s Shandong Yanggu Huatai Chemical Co.Ltd.**

i. M/s. Shandong Yanggu Huatai Chemical Co.Ltd. has filed an exporter's questionnaire and MET response as a producer- Exporter of the PVI. Additional information was also called from the applicant on MET questionnaire and exporters response vide letter dated 10th Dec. 2007. The producer – Exporter submitted certain information vide letter dated Dec. 2007.

ii. As per MET questionnaire response, the company informed that it was established on 23.3.2000 as 'limited liability' company whereas as per exporter's response, it was noted that company was established on Dec.22, 1998. It was also noted that technology contract was entered into on 30.6.1997 between Shandong Yanggu Huatai Chemical Factory and Chemical Research Institute of Shandong

Province. In response to the deficiency letter, the producer/exporter has informed that Yanggu Huatai Organic Chemical factory was established in 1994 and registered as state owned factory. Pending the examination of the status of erstwhile company, its shareholding, valuation of assets and liabilities, its implication cost and prices, business decision of the company and verification of the same, the Authority is of the view that this producer-exporter cannot be granted market economy status for the preliminary determination of its normal value.

c) **Sinorgchem (Group)Co. Shanghai, Sinorgchem Co.,Shandong and Sinorgchem Co., Tai an**

i. Each of the above interested parties have filed an exporters' response and MET response as a producer and/or exporter of the subject goods. Since these companies are related to each other, they have sought 'Group Treatment'. Additional information was also called for on their respective claim of market economy status. Authority notes that Shandong Sinorgchem Co.Ltd., emerged in August 1998 during the property right reform of state-owned enterprises. As per business licence, the company was in operation since 14th May, 1999. The Company was set up by means of promotion and was established by Heze Import & Export Co.; Shandong, Shandong Caoxian Sinorgchem Chemical Factory, Cookian Kemic Co; Shandong, Caoxian. He Rubber Additive Agent Co; Shandong and Caoxian He Chang Rubber Additive Agent Co; Shandong. From the information available on record, it is noted that both Shandong Heze Area import and Export Company and Shandong Cao country Sinorgchem Five Chemical Plant were state owned enterprises having majority shares with these state owned enterprises. After establishment, the shares of the company have been transferred several times. In Oct 2005, Sinorgchem headquarter was established in Shanghai. In Feb.,2006 Sinorgchem Group was established in Shanghai. On June 8, 2006 the first stage of *** ton 4-ADPA was put into operation and production capacity reached ***tons per annum. Authority notes that prior to capacity expansion on June 8, 2006 the capacity of *** tons 4-ADPA per annum existed. Further, as per article of association of both of Sinorgchem Group Co. as well as Sinorgchem Co. Shanghai, it is noted that both these companies shall accept the supervision of Government and the public. Pending the examination of the status of erstwhile company, valuation of assets and liability, its impact on cost and prices, business decision of the company and verification of the same, the Authority is of the

view that these related companies cannot be granted market economy status for the preliminary determination of its normal value.

F.2 Determination of Normal Value

16. As recorded above there are significant issues of market economy determination in respect of the responding exporters from China PR which requires further examination and verification. Therefore, pending further examination and verification of the claims made by the responding exporters and producers from China PR, in respect of their market economy claims and individual treatment claims, for the purpose of the preliminary finding, the authority has provisionally estimated the normal value in China on the basis of Para 7 to Annexure-1 to the Rules.

17. In this connection Para 7 of Annexure I of the Rule provides that “In case of imports from non-market economy countries, normal value shall be determined on the basis if the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

18. The Authority has indicated in the initiation notification that the petitioners have claimed China is a non-market economy. The petitioners have therefore claimed determination of normal value on the basis of constructed cost of production and also based upon price in Europe. Petitioners have claimed that normal value can not be determined on the basis of price or costs in third countries for the reason that subject goods are not produced in several countries and no information is publicly available in this regard. Therefore, the domestic industry has submitted that India should be treated as an appropriate surrogate country for China in this matter and the normal value should be determined accordingly.

19. Pending further examination of the issues, for the purpose of preliminary determination the Authority proceeds to provisionally determine the normal value in China on other reasonable basis, in terms of second proviso of Para 7 of Annexure 1 to the Rules. Accordingly, the ex-works Normal value of the product under consideration for all exporters from China has been provisionally constructed based on facts available. The Normal Value has been constructed taking into account international price of all the major inputs to the extent international prices of such raw materials are available. Consumption norms, conversion cost, and SGA expenses of the domestic industry have been adopted for determination of the normal value. After adding a reasonable profit margin of 5% constructed normal value works out as under:

S. No.	Product Under Consideration	CNV US\$/K.G
1.	PX-13 (6 PPD)	***
2.	TDQ	***
3.	PVI	***
4.	TMT	***
5	MBT	***
6.	CBS	***

F.3 Export Price

a. Shandong Shanxian Chemicals Co.Ltd.

20. Shandong Shanxian has reported export of certain Rubber Chemicals i.e. MBT, CBS, PVI and TMT to India during the POI. The goods have been sold to direct customers in India. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards, inland freight, air freight and insurance to India and credit expenses to arrive at ex-factory export price. However, it is noticed that no adjustment towards the VAT paid and refund obtained has been made though the exporter is required to pay VAT @ 17% of the invoice value and is entitled for a refund a part of the VAT paid on export. Pending further clarification and verification of the claims made, including the VAT adjustments, the Authority has determined the export price of the above exporter as follows:

	Qty(MT)	Av.Net Invoice value US\$/MT	Adjustments claimed	VAT Adjustments	Net Export Price Rs/MT
MBT	***	***	***	***	***
CBS	***	***	***	***	***
PVI	***	***	***	***	***
TMT	***	***	***	***	***

b. M/s. Shandong Yanggu Huatai Chemical Co. Ltd

21. This exporter has exported *** MT of Rubber Chemical- PVI to India during the POI. The exporter exports the goods to India on CIF term. The producer-exporter has claimed adjustments towards inland freight, Air Freight, Insurance and credit expenses. However, it is noticed that no adjustment towards the VAT Paid and refund obtained has been made though the producer-exporter is required to pay VAT @ 17% of the Invoice value and is entitled for refund a part of VAT on export. Accordingly, pending further examination and verification of the data net ex-factory export price works out as follows:

Producer/Exporter	Qty in MT	Net Invoice value USD/MT	Total Adjustment claimed USD/MT	VAT Adjustments USD/MT	Net Export Price USD/MT
Shandong Yanggu Huatai	***	***	***	***	***

c. M/s. Sinorgchem Co. Shandong

22. This producer exporter has exported *** MTs of the Rubber Chemical i.e., 6PPD to India during POI. The sales to Indian customers are in CIF term. The exporter has claimed adjustments towards overseas freight and insurance, credit expenses, packing cost and bank charges to arrive at ex-factory export price. However, it is noticed that no adjustment towards VAT paid and refund obtained has been made though the producer-exporter is required to pay VAT @ 17% of the Invoice value and is entitled for a refund a part of VAT on export. Accordingly, VAT differential of 4% on the FOB price has been adjusted from the invoice price to arrive at net export price at ex-factory level. Accordingly, pending further clarification and verification of the claims made, the Authority has determined the net export price of the above exporter as follows:

Producer/Exporter	Qty in MT	Net Invoice value USD/MT	Adjustments claimed USD	VAT Adjustments USD/MT	Net Export Price USD/MT
Sinorgchem Co.Shandong	***	***	***	***	***

Export Price for Non-cooperating exporters from China

23. In respect of non-cooperating exporters from China, the lowest import price based upon IBIS data source has been considered. Adjustments like Ocean freight etc. has been allowed at par with the ones allowed in respect of Co-operating exporters from China as above, to arrive at export price at ex-factory level. By adopting this method the export price at ex-factory level in respect of non-co-operating exporters from China works out to be as per table below:

S.No.	Product Description	Net-Export Price US\$ /MT
1.	MBT	***
2.	TDQ	***
3.	TMT	***
4.	PX13(6PPD)	***
5.	CBS	***
6.	PVI	***

F.4. Normal Value and Export Price and Dumping Margin in respect of Korea Kumho, Korea RP

a. Normal Value

24. The responding producer/exporter has reported that it has exported ***MT of 6-PPD/PX-13 to India at an average Ex-factory export price of US \$ ***/Kg. with regard to normal value, the producer has requested that on the sale of ***MT of 6PPD, the unit realization was US \$ ***/Kg. Accordingly, the producer-exporter claimed that it has not dumped 6 PPD into India.

25. Contrary to above, the domestic industry has claimed that the normal value in Korea is quite high. Domestic industry has produced evidence showing that the subject goods produced by Korea Kumho have been sold in Korean domestic market at a price ranging between Won *** Won *** Per MT. Domestic industry has further claimed that normal value in Korea should be determined as the weighted average price considering import volume from various sources and sales made by the domestic industry. Based on information released by KITA on its website, the domestic industry claimed that *** MT 6PPD has been imported into Korea at a CIF price of US \$ *** per kg. Considering 6.5% customs duty, the price to a Korean customer comes to US \$ ***/Kg. According to the domestic industry, the Korean domestic demand is about 7000-8000 MT and the imports thus constitute significant proportion (more than 50% of domestic demand). The domestic industry supplemented its claim of this price based on import price from India reported by KITA and sales invoices of domestic industry in respect of its exports to Korea. Domestic industry has argued that the domestic selling price for Korean producer cannot be different from the landed cost of the imported material which constitutes more than 50% of the demand. Even if there is variation in prices, same has to be within reasonable limits and the variation cannot be to the extent as is reflected in the data with the Authority provided by the Domestic Industry and the one claimed by the responding exporter from Korea RP. Domestic industry has concluded that it was inconceivable that a Korean producer would have sold the material at lower prices in the domestic market.

26. The domestic industry has also argued that the normal value under the Rules means the comparable price for the like article when meant for consumption. The words “like articles”, “comparable price”, “meant for consumption” clearly implied that such prices were not limited to the prices at which goods are sold by the producer concerned. Relying upon the judgment of the Hon’ble Supreme Court in the matter of Reliance Industries Ltd., and the practice adopted by the Designated Authority thereafter, the domestic industry has argued that in any case it was justified to consider weighted average of the prices for the goods sold in the domestic market, considering the volumes imported for sale and volumes sold by Korea Kumho.

27. Considering the information provided by Korea Kumho, import data furnished by J.K.Industries Ltd. and submissions made by the domestic industry, it would be appropriate to determine normal value on the basis of weighted average of import volumes into Korea RP and sales volumes of Korea Kumho in the Domestic Market in Korea for the purpose of preliminary findings. Normal value for PX-13 (6PPD) has been determined accordingly pending further investigation and verification. Accordingly, the normal value works out as under:-

	Qty./MT	Unit Rate/ US \$/MT
Korea Kumho	***	***
Imports	***	***
	***	*** Or US\$ ***/Kg

b. Export Price

28. The responding producer has reported ex-factory export price as US \$ ***/Kg. as per response filed by them with the Authority.

c.. Export Price for Non-Cooperating Exporters from Korea

29. In respect of non-cooperating exporters from Korea, the lowest import price based upon IBIS data source has been considered. Adjustments like Ocean freight etc. has been allowed at par with the ones allowed in respect of Co-operating exporters from Korea as above, to arrive at export price at ex-factory level. By adopting this method the export price at ex-factory level in respect of non-co-operating exporters from Korea works out to be as per table below:

S.No	Product Description	Net-Export Price US\$ /MT
1.	PX13 (6PPD)	***

d. Dumping Margin For Co-Operating Exporters From Korea PR

30. The Dumping Margin based upon the above calculations of Normal Value and Export price works out to 6.54% as per table below.

	US\$/Kg.
Normal Value	***
Export Price	***
Dumping Margin	***
DM %	6.54%

e. Dumping Margins for Non-Co-operating exporters From KoreaPR

31. The dumping margin for Non-Coperting exporters from Korea PR based upon the normal value and export price works out to 19.31% as per table below:

Normal Value US\$/Kg.	Export Price US\$/Kg.	Dumping Margin US\$/Kg.	DM %
***	***	***	19.31

F.5. Dumping Margins For Producers Exporters From China PR

32. For the purpose of determination of dumping margin the ex-works normal value and export prices, so determined, provisionally, have been compared at the same level of trade and dumping margin has been provisionally determined for the exporters from the subject country as follows:-

a. Co-operating exporters

Product	Producer	Exporter	Normal Value	Export Price	Dumping Margin	DM %
			USD/Kg	USD/Kg	USD/Kg	
PVI	Shandong Sanxian Chemical Co. Ltd.	Shandong Sanxian Chemical Co. Ltd.	***	***	***	7.09
	Shandong Yongqui Huantai Chemicals Ltd	Shandong Yongqui Huantai Chemicals Ltd	***	***	***	14.02
TMT	Shandong Sanxian Chemical Co. Ltd.	Shandong Sanxian Chemical Co. Ltd.	***	***	***	70.00
CBS	Shandong Sanxian Chemical Co. Ltd.	Shandong Sanxian Chemical Co. Ltd.	***	***	***	32.24
MBT	Shandong Sanxian	Shandong Sanxian	***	***	***	35.43

	Chemical Co. Ltd.	Chemical Co. Ltd.				
PX-13 (6PPD)	Sinorgchem Company Shandong	Sinorgchem Company Shandong	***	***	***	36.68

b. Non-Co-operating Exporters

S.No.	Product Description	Normal Value US\$ /K.G	Export Price US\$ /K.G	Dumping Margin US\$ /K.G	DM %
1.	PVI	***	***	***	17.95
2.	TMT	***	***	***	90.49
3.	CBS	***	***	***	51.02
4.	MBT	***	***	***	52.84
5.	PX13(6PPD)	***	***	***	58.72
6.	TDQ	***	***	***	48.17

33. The dumping margins so determined provisionally are significant and above de minimis level.

G. Injury Determination

G.1 Examination of Injury and Causal Link:

34. 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.

35. The authority notes that the application for imposition of anti-dumping duty has been filed by M/s. NOCIL, who commands a major proportion of total production of subject goods in India. In terms of Rule 2(b) of the Rules the above producers has been treated as the domestic industry for the purpose of this investigation. The Authority also notes that there

are three other known producers of the subject goods in India i.e. M/s. Lanxess India Pvt.Ltd., PMC Rubber Chemicals India Pvt.Ltd. and M/s. Merchem Ltd. The petitioner claimed that some of the Indian producers have substantially existed from the manufacture of rubber chemicals and turned traders resorting to imports of rubber chemicals, others have started importing intermediates from China even at penultimate stage where further processing involved is insignificant in terms of total production activities.

36. 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:

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

- a. The domestic industry has suffered material injury in respect of each of the subject rubber chemicals.
- b. Imports of each of the subject rubber chemicals have increased.
- c. On the issue of **Production, sales, capacity utilization, productivity and market share** they have submitted as follows:
 - i. **TDQ, PX-13, MBT, PVI** – production, sales, capacity utilization and productivity improved up to 2005-06. The same however, materially **declined in the period of investigation.**
 - ii. **CBS** – production and sales volumes increased throughout the injury period but **capacity utilization declined.**
 - iii. **TMT** – production and capacity utilization increased up to 2005-06, but declined thereafter. However, **domestic sales volumes increased through the injury period.**
 - iv. Dumping has led to significant idling of capacities.
 - v. Market share of the domestic industry in respect each the subject rubber chemicals has declined significantly over the injury period whereas that of the imports has increased.
- d. With regard to the **factors affecting prices, price undercutting, and price underselling** following has been pleaded:

- i. These factors have prevented them from increasing prices to match.
 - ii. Imports are significantly undercutting the prices of the domestic industry in the market.
 - iii. Significant price undercutting has forced the domestic industry to reduce the prices and increase the discounts, which kept increasing over the injury period.
 - iv. The petitioner is under selling the product to a significant extent as per claimed.
 - v. Imports are preventing price increases consequent upon and proportionate to increase in input costs.
- e. Regarding **Profit/Loss, return on investment and cash flow**, following is the result as a result of dumping:
- i. In respect of each of the subject rubber chemicals, profit, return on investment and cash profits improved significantly till 2005-06 with imposition of anti-dumping duties on sources earlier found to be dumping.
 - ii. However, profit, return on investment and cash profit declined very significantly once again in the period of investigation, with the fresh dumping from such countries.
- f. **Inventories** – The inventory levels has very significantly increased over the injury period.
- g. **Working capital** –Dumping has led to increase in working capital.
- h. **Contribution margin** – The contribution margins improved up to 2005-06. The same however, has declined thereafter sharply in the period of investigation.
- i. **Debtors** – The average collection period increased significantly over the injury period.
- j. **Employment and wages** –Number of employment and wages paid have declined over the injury period.
- k. **Ability to raise capital investment** – The Company has made fresh investments considering that the demand for rubber chemicals is increasing significantly.
- l. **Growth** – Growth of the domestic industry was positive in respect of each of the subject rubber chemicals up to 2005-06. However, growth became negative in respect of each of the subject rubber chemicals during the period of investigation.

Negative growth can be seen in respect of most of the parameters. Further, growth became increasingly negative on quarter-by-quarter basis.

m. Domestic industry has suffered material injury during period of investigation. The deterioration is more pronounced in case the parameters such as production, capacity utilization, sales volumes, profit/loss, cash flow, and return on investments are seen on quarter-by-quarter basis.

G.3 Views of the Exporters.

38. Sinorgchem Group Of Companies has submitted that the petitioner has submitted misleading and incomplete information on the issues of Injury to the Domestic Industry. It has been claimed that out of 12 injury parameters analysed, only 4 indicate injury where as all other parameters including profitability are showing an increasing trend. It has further been submitted that NOCIL has deliberately made a comparison of those parameters where no injury could be found with the just proceeding year and not the base year. They have sought that Authority should make the injury analysis by comparing the performance during POI with the base year. It has been pleaded that claim of the petitioner that they had to reduce the prices commensurate to reduction in landed price is incorrect and misleading and on the contrary NOCIL could raise prices during the injury period more than increase in cost and has been able to increase its profits during the period of investigation compared to base injury period. They have pleaded that the claim of Domestic Industry that the prices have not increased commensurate to the cost of production is misleading as the NSR has increased by 54% compared to Cost of Production by only 24%. It has also been pointed out that the claim of NOCIL that PBIT has become negative during POI compared to base year is misleading as this is a misplaced notion in such a situation where increase in sales price is more than the increase in cost of production. It has been concluded in its submissions that NOCIL has been able to mislead the Authority on the basis of incorrect analysis.

G.4 Examination by the Authority

39. 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

40. 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

a. 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,

b. 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.

41. In the instant case, investigations in respect of 6PPD are from more than one country. The Authority, therefore, examined whether the injury to the domestic industry must be determined cumulatively from these two sources in respect of 6 PPD. 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 two 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 6 PPD.

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. Imports from Korea and China have been made by same category of customers who are buying the product from the domestic industry.

42. The Authority notes that it is appropriate to cumulatively assess the effect of dumped imports of 6 PPD on the domestically produced like article.

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

43. Subject Rubber Chemicals have been reported under Customs Subheading 38.12, 29.34 and 29.25 under the Customs Tariff Act. Since the customs classification are not dedicated to the product under consideration and summary import information published by DGCI&S includes imports of the products which are beyond the scope of investigation, the information, therefore, can not be relied upon for determination of volume and value of

imports of product under consideration. Volume of imports for each of the subject rubber chemical from China & Korea RP has been determined based on the data provided by IBIS. The imports from subject countries are more than de minimis individually.

G.6.1 Import Volumes and share of subject country

44. Volumes of imports for each of the subject rubber chemicals have been as under:-

	Units	2003-04	2004-05	2005-06	POI
<u>PX 13</u>					
China RP	MT	23	182	443	1570
Korea RP	MT	51	699	1480	3392
Subject Countries	MT	74	881	1923	4962
Other countries	MT	3367	4775	2154	709
Total Imports	Mt	3441	5656	4077	5671
<u>MBT</u>					
China RP	Mt	118	280	447	619
Other countries	Mt	2	8	13	15
Total Imports	Mt	120	288	460	634
<u>CBS</u>					
China RP	Mt	285	672	623	570
Other countries	Mt	77	174	14	31
Total Imports	Mt	362	846	637	601
<u>PVI</u>					
China RP	Mt	129	191	210	361
Other countries	Mt	6	0	0	11
Total Imports	Mt	135	191	210	372
<u>TDQ</u>					
China RP	Mt	23	734	851	1096
Other countries	Mt	531	664	640	253
Total Imports	Mt	554	1398	1491	1349
<u>TMT</u>					
China RP	Mt	37	100	235	188
Other countries	Mt	0	0	2	4
Total Imports	Mt	37	100	237	191
Market Share in Imports					
<u>PX 13</u>					
China RP	%	0.67	3.21	10.87	27.69
Korea RP	%	1.48	12.36	36.30	59.81
Subject Countries	%	2.15	15.57	47.17	87.50
Other countries	%	97.85	84.43	52.83	12.50
<u>MBT</u>					
China RP	%	98.33	97.22	97.17	97.64
Other countries	%	1.67	2.78	2.83	2.36

CBS					
China RP	%	78.73	79.42	97.80	94.84
Other countries	%	21.27	20.58	2.20	5.16
PVI					
China RP	%	95.56	100.00	100.00	97.01
Other countries	%	4.44	0.00	0.00	2.99
TDQ					
China RP	%	4.15	52.50	57.07	81.25
Other countries	%	95.85	47.50	42.93	18.75
TMT					
China RP	%	100.00	100.00	99.16	98.17
Other countries	%	0.00	0.00	0.84	1.83

45. The Authority notes that

- a. Imports of each of the rubber chemical from the subject countries have increased significantly over the injury period in absolute terms;
- b. Share of subject countries in respect of each of the subject rubber chemical has increased significantly over the injury period excepting MBT and TMT.
- c. The imports which were earlier primarily from other countries which are already attracting anti-dumping duties, these imports during POI are now primarily from China. Such a situation prima facie shows that subject countries have crowded out the imports earlier found to be at dumped prices from such other countries.
- d. In their individual capacity the result of the analysis regarding imports from subject country / ies vis-à-vis total imports into India shows that:
 - i. **PX 13** the increase in volume of imports is consistently high throughout the injury period to POI and market share of imports from subject countries has increased from a **negligible 2.15% in @003-04 to a huge 87.50% during POI.**
 - ii. **MBT** though the market share in imports from China PR has remained more or less the same the quantum of jump is **by 500MT compared to just by 13 MT from other sources.**
 - iii. **CBS** the volume of imports from subject country has had a huge increase in terms of **volume till 2005-06 but there is a marginal decrease in this volume during POI.** However this **decrease is barely 3% compared to 19% increase in 2005-06 compared to the volume in 2003-04.**

iv. **PVI** though the increase in imports from subject country is near about 300% during POI compared to base year 2003-04, the market share of China in total imports has remained more or less the same.

v. **TDQ** the market share of imports from China PR has increased to 81% during POI compared to just 4% during base period 2003-04.

vi. **TMT** though the imports from subject country have increased many fold, the market share of imports from China PR has remained unchanged.

G.7 Demand and Market shares

46. 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. The Authority notes that demand for the subject goods had been growing from base year to POI.

47. Share of imports for each of the subject rubber chemicals in demand/consumption in India has been as under-

	Unit	2003-04	2004-05	2005-06	POI
<u>PX 13</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***
Total Import	MT	3441	5656	4077	5671
Total Demand	MT	6999	8557	9581	9716
<u>MBT</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***
Total Import	MT	120	288	460	634
Total Demand	MT	949	1182	1090	1074
<u>CBS</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***
Total Import	MT	362	846	637	601
Total Demand	MT	1717	2098	2551	2653
<u>PVI</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***
Total Import	MT	135	191	210	372
Total Demand	MT	616	747	864	948
<u>TDQ</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***

Total Import	MT	554	1398	1491	1349
Total Demand	MT	4767	5549	6004	6300
<u>TMT</u>					
Domestic Industry	MT	***	***	***	***
Other Producers	MT	***	***	***	***
Total Import	MT	37	100	237	191
Total Demand	MT	1003	1189	1217	1390
Market share in demand					
Indexed					
<u>PX 13</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Korea RP	%	***	***	***	***
Subject Countries	%	***	***	***	***
Import from Other countries	%	***	***	***	***
<u>MBT</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Import from Other countries	%	***	***	***	***
<u>CBS</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Import from Other countries	%	***	***	***	***
<u>PVI</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Import from Other countries	%	***	***	***	***
<u>TDQ</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Import from Other countries	%	***	***	***	***
<u>TMT</u>					
Domestic Industry	%	***	***	***	***
Other Producers	%	***	***	***	***
China RP	%	***	***	***	***
Import from Other	%	***	***	***	***

countries					
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48. From the above able, the Authority notes the following:

(i) **PX-13**-Demand for the product has gone up substantially from **6998 MT (2003-04) to 9716 MT (POI)**. The market share in demand in respect of imports from subject countries which was only **1.06% during 2003-04 reached to a level of 51.07% in POI** and as a result, the share of domestic industry, which was *****% during 2003-04 came down to ***% during POI**. The share of Indian producers (including domestic industry) which was *****% in 2003-04 came down to ***% during POI**. The market share of imports from other countries which was **48.10% of total demand during 2003-04 declined to 7.30% during POI**.

(ii) **MBT**- Demand for the product has gone up **from 949MT (2003-04) to 1074 (MT) in POI**. The imports from China which was only **12.43% of the demand during 2003-04 went up to 57.63% during POI**. **While the share of domestic industry remained almost at the same level,** the market share of total Indian producers (including domestic industry) which was *****% of total demand in 2003-04 came down to only ***% in POI**.

(iii) **CBS**- Demand for the product has gone up substantially from 1717 MT in 2003-04 to 2653 MT during POI. The market share of the domestic industry, which was *****% during 2003-04, came down to ***% during POI**. The share of imports from China which was **16.57% in 2003-04 went up to 21.49% during POI**.

(iv) **PVI**- Demand for the product has gone up substantially from 616 MT in 2003-04 to 948 MT during POI. In spite of the growth in demand, the market share of the domestic industry which was *****% in 2003-04 came down to ***% during POI** whereas imports from China went up from **20.88% to 38.05% during the period**. Further, the market share of Indian producers (including domestic industry) which was *****% during 2003-04 came down to ***% of the demand during POI**.

(v) **TDQ**-Demand for the product has gone up from 4766 MT during 2003-04 to 6300 MT during POI. In a situation when there is growth in demand, the domestic industry could not retain its market share which fell from *****% in 2003-04 to ***% during POI**. The market share of Indian producers (including domestic industry) which was *****% during 2003-04 declined sharply to ***% during POI**. At the same time, the imports from China which were only at **0.47% of demand during 2003-04 went up sharply to 17.39% in POI**.

vi) **TMT-** Demand for the product has gone up from 1003MT in 2003-04 to 1390 MT during POI but the market share of domestic industry came down from ***% in 2003-04 to ***% in POI. The market share of Indian producers (including domestic industry) which was ***% during 2003-04 came down to ***% during POI. The share of imports from China which was only 3.69% in 2003-04 went up significantly to 13.50% during POI.

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

PX 13	Unit	2003-04	2004-05	2005-06	POI
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	82	83	81	71
MBT					
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	64	84	52	63
CBS					
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	91	85	84	81
PVI					
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	90	90	96	88
TDQ					
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	82	82	88	78
TMT					
Installed Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization (%)	%	75	68	90	75

49. The authority notes the following from above the table:

i. **PX-13-** The production during 2003-04 was *** MT which went up to *** MT during 2004-05. Thereafter, the production started declining and reached to a level of *** MT during POI. **As a result, the capacity utilization which was in the range of 81% - 83% during the preceding 3 years declined to 71% during POI although increase in installed capacity has also contributed to this marginal decrease by about 9%.**

ii. **MBT-** during 2003-04, the production of domestic industry was ***MT which went up to *** MT at plant-**capacity utilization of 84%**. Thereafter production declined during 2005-06 to the level of *** MT. During POI, the production was *** MT and capacity utilisation was 63% against 84% during 2004-05 and 63% during 2003-04. Capacity utilisation which was 84% in 2004-05 has reduced to 63% in the POI in spite of installed capacity being stagnant.

iii. **CBS-** The domestic industry has been increasing the capacity for the product having regard to the increasing demand. Capacity utilization which was 91% during 2003-04 declined to 81% during the POI. However substantial increase in installed capacity has also contributed to this decline.

iv. **PVI-**Although both production and capacity utilization has increased in POI as compared to base year but the same declined as compared to 2005-06.

v. **TDQ-** The domestic industry has increased the capacity for the product to meet the increasing demand for the product in India. Capacity utilization which was 82% both during 2003-04 and 2004-05 went up further to 88% during 2005-06 against which during POI, the capacity utilization was only 78%. **The decline can again be attributed to marginal increase in installed capacity.**

vi. **TMT-**Both production and capacity utilization was increasing till 2005-06. The capacity utilization during 2005-06 was 90% which has sharply declined to 75% during POI.

G.9 Dumped Imports in relation to Indian Production

Particulars	Unit	2003-04	2004-05	2005-06	2006-07
Dumped Imports in relation to Indian Production					
Imports from subject countries					
MBT	MT.	118	280	447	619
CBS	MT	285	672	623	570
PVI	MT	129	191	210	361
PX-13	MT	74	881	1,923	4,962
TDQ	MT	23	734	851	1,906
TMT	MT	73	100	235	188
Indian Production					
MBT	MT	***	***	***	***
CBS	MT	***	***	***	***
PVI	MT	***	***	***	***
PX-13	MT.	***	***	***	***
TDQ	MT	***	***	***	***

TMT	MT	***	***	***	***
Subject imports share in Indian production		***	***	***	***
MBT	%	***	***	***	***
CBS	%	***	***	***	***
PVI	%	***	***	***	***
PX-13	%	***	***	***	***
TDQ	%	***	***	***	***
TMT	%	***	***	***	***

50. The Authority notes that imports from subject countries in relation to Indian production have been rising throughout the injury period. Excepting CBS and TMT, the imports from subject countries went up further during POI as compared to proceeding year 2005-06.

G.10 Sales volume of Domestic Industry –Domestic Market

	Unit	2003-04	2004-05	2005-06	POI
PX 13	MT	***	***	***	***
MBT	MT	***	***	***	***
CBS	MT	***	***	***	***
PVI	MT	***	***	***	***
TDQ	MT	***	***	***	***
TMT	MT	***	***	***	***

51. The authority notes the following from the above table:

- i. PX-13-**Sales in POI have declined substantially as compared to both base year and immediate preceding year.
- ii. MBT-**Sales of the domestic industry have seen an increasing trend in 2004-05 and there after have started declining.
- iii. CBS-**Sales have increased over the year's right through the injury period to POI.
- iv. PVI-** Sales has increased over the years and is more or less stagnant in 2005-06 and POI. The sale volumes can be treated more or less stagnant during injury period through POI.
- v. TDQ-**During 2003-04, the sales were at *** MT which marginally declined during 2004-05 but went up during 2005-06 to the level of *** MT but declined to *** MT during POI.
- vi. TMT-** Sales have increased during the injury period thru POI.

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

52. With regard to the effect of dumped imports on prices as referred to in sub-rule (2) of rule 18, the Designated Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared to the price of like product in India or whether effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred to a significant degree.

53. The impact of dumped imports on the prices of the domestic industry from the subject countries 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, 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.

54. While working out the net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise duty paid have been reduced.

55. Price undercutting has been determined by comparing the landed value of dumped imports from the subject countries over the entire period of investigation with the net sales realization of the domestic industry for the same period. For this purpose landed value of imports has been calculated **by adding 1% landing charge and applicable basic customs duty to the value reported in the IBIS data of import prices from the subject countries.**

56. For the purpose of price underselling the landed prices of imports from subject countries have been compared with the Non-injurious price of the domestic industry determined for the POI.

H.1.1. Price undercutting and underselling effects

		POI					
	Unit	PX 13	MBT	CBS	PVI	TDQ	TMT
Net Sales Realization	Rs/kg	***	***	***	***	***	***
Landed Price							
China RP	Rs/kg	***	***	***	***	***	***
Korea RP	Rs/kg	***					
Total subject countries	Rs/kg	***	***	***	***	***	***
Price undercutting							

China RP	Rs/kg	***	***	***	***	***	***
Korea RP	Rs/kg	***					
Total subject countries	Rs/kg	***	***	***	***	***	***
Price undercutting (%)							
China RP	%	15%	18%	22%	7%	21%	22%
Korea RP	%	7%					
Total subject countries	%	10%	18%	22%	7%	21%	22%
Non Injurious Price							
China RP	Rs/Kg	***	***	***	***	***	***
Korea RP	Rs/Kg	***					
Total subject countries	Rs/Kg	***	***	***	***	***	***
Price Underselling							
China RP	Rs/Kg	***	***	***	***	***	***
Korea RP	Rs/Kg	***					
Total subject countries	Rs/Kg	***	***	***	***	***	***
Price Underselling (%)							
China RP	%	23%	16%	18%	9%	18%	26%
Korea RP	%	16%					
Total subject countries	%	18%	16%	18%	9%	18%	26%

57. From the above table, the Authority notes that the landed value of dumped imports of subject rubber chemicals individually from the subject countries and also cumulatively (for 6 PPD) have been undercutting the domestic prices significantly. Further, the landed value from the subject countries are also significantly below the non-injurious price of the domestic industry.

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

58. Movements in cost of Sales vs. selling price

PX 13	Unit	2003-04	2004-05	2005-06	POI
Cost of Sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	(22.30)	(6.27)	36.06	10.33
MBT					
Cost of Sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	3.86	8.53	22.97	14.24
CBS					
Cost of Sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	26.19	30.27	49.09	22.86

PVI					
Cost of sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	75.00	28.42	9.34	20.10
TDQ					
Cost of sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	(3.76)	15.52	42.06	15.47
TMT					
Cost of sales	Rs/Kg	***	***	***	***
Selling Price	Rs/Kg	***	***	***	***
Profit/Loss	Rs/Kg	6.75	11.28	17.87	4.61

59. To examine the price suppression effect of the dumped imports on the domestic prices, the trend of net sales realization has been compared with the cost of production.

60. The Authority notes that there were upward trends in the cost of sales during the injury period excepting CBS, PVI and TDQ where the cost of sales came down during POI as compared to previous year. Increase in cost of sales has mainly been due to increase in inputs price, as the domestic industry has been able to reduce the conversion cost over the years.

61. The movement in selling price of PX-13 (6 PPD) shows that while during POI, the cost of sales went up by about 2%, on the contrary, the selling price came down by about 10%. Similarly, in respect of MBT while cost of sales went up during POI over 2005-06, the selling price registered a fall of about 5%. In the case of CBS, while cost of sales came down by about 2%, the selling price fell by about 14% during POI over 2005-06. In respect of TDQ, while cost of sales declined by about 6% during POI over 2005-06, the selling price fell significantly by about 22% during the period. In the case of TMT, while cost of sales went up during POI over 2005-06, the selling price, on the contrary, came down by about 11%.

62. The above analysis indicates that the fall in the sales realization has been significantly higher than the decline in the cost of sales. In the case of PX-13 (6-PPD), MBT and TMT, while cost of sales went up during POI over 2005-06, the selling prices, on the contrary, registered a significant fall. It, therefore, appears that the price effect of the dumped imports have forced the domestic industry to keep its prices lower in order to retain its market share.

H.1.3 Examination of other Injury Parameters

63. The above analysis shows that the dumped import have adverse volume and price effect on the domestic industry in terms of increase in volume of dumped imports both in

absolute terms and market shares **excepting CBS and TMT**. The price under cuttings in respect of each of the rubber chemicals i.e. subject goods has been significant. The movement in selling price has not been commensurate with the corresponding movements in cost of sales. In the case of 6PPD, MBT and TMT, while cost of sales went up during POI, the selling price fell significantly over 2005-06. However, in the case of CBS and TDQ, the net sales realization of the domestic industry has been slightly higher than non-injurious price. In short, excepting CBS, the domestic industry has suffered either volume injury or price injury or both.

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

PX 13	Unit	2003-04	2004-05	2005-06	POI
Profit before Tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT- Cash profit	Rs/Lacs	***	***	***	***
<u>MBT</u>		***	***	***	***
Profit before tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT-Cash profit	Rs/Lac	***	***	***	***
		***	***	***	***
<u>CBS</u>		***	***	***	***
Profit before tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT-Cash profit	Rs/Lac	***	***	***	***
<u>PVI</u>					
Profit before tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT	Rs/Lac	***	***	***	***
		***	***	***	***
<u>TDQ</u>		***	***	***	***
Profit before tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT-cash profit	Rs/Lac	***	***	***	***
		***	***	***	***
<u>TMT</u>		***	***	***	***
Profit before tax	Rs/Lacs	***	***	***	***
PBIT	Rs/Lacs	***	***	***	***
PBDT-Cash Profit	Rs/Lac	***	***	***	***

64. The above table indicates that the profitability of the domestic industry, excepting in respect of **PVI** was increasing till 2005-06 but declined sharply in the POI. In the case of

PVI, there was a decline in the profitability from the base year 2003-04 itself and this trend has continued right up to POI.

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

PX 13	Unit	2003-04	2004-05	2005-06	POI
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***
MBT					
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***
CBS					
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***
PVI					
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***
TDQ					
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***
TMT					
PBIT	Rs/Lacs	***	***	***	***
Net Fixed Assets	Rs/Lacs	***	***	***	***
Working Capital	Rs/Lacs	***	***	***	***
Capital Employed-NFA	Rs/Lacs	***	***	***	***
Return on Capital Employed (NFA Basis)	%	***	***	***	***

65. The Authority notes that there has been decline in ROI in all the products in the POI excepting PVI. In the case of PVI, the return on capital employed improved during POI over 2005-06 but is still significantly lower than base year 2003-04.

H.2. Productivity

	Unit	2003-04	2004-05	2005-06	POI
PX 13	MT	***	***	***	***
MBT	MT	***	***	***	***
CBS	MT	***	***	***	***
PVI	MT	***	***	***	***
TDQ	MT	***	***	***	***
TMT	MT	***	***	***	***

66. The data on production per employee shows that the productivity, excepting CBS and TDQ declined during POI as compared to base year as well as previous year. The fall in production during POI, (excepting MBT and CBS), is the main reason for this decline in production over 2005-06. The productivity in respect of TMT has not been worked out because the domestic industry get this product manufactured on job-basis from outside.

H.3. Employment and wages

	Unit	2003-04	2004-05	2005-06	POI
PX 13					
Employment (Manpower Strength)	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
MBT					
Employment (Manpower Strength)	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
CBS					
Employment (Manpower Strength)	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
PVI					
Employment (Manpower Strength)	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
TDQ					
Employment (Manpower Strength)	Nos	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
TMT					
Employment (Manpower Strength)	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***

67. The employment level does not show significant change. TMT a product, which is being job, worked from out side hence no workers.

H.4. Inventories

PX 13	Unit	2003-04	2004-05	2005-06	POI
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	5	15	15	31
MBT					
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	32	32	61	29
CBS					
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	19	19	29	25
PVI					
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	21	34	40	37
TDQ					
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	11	21	37	47
TMT					
Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock in terms of no.of days'sales	Nos.	37	25	49	47

68. The Authority notes that there has been accumulation of inventory during the injury period and POI as under:-

- i) **PX-13** The average inventory which was only ***MT during 2003-04 started mounting up and reached to a level of *** MT. The closing stock (as on 31.3.2007) at the end of POI was ***MT. The average inventory, in terms number of days' sales, which was 5 days in 2003-04 went up significantly during 2004-05 and 2005-06 and reached to 31 days during POI.
- ii) **MBT** The average inventory during 2003-04 was *** MT which went up to ***MT and ***MT during 2004-05 and 2005-06 respectively. During POI, the average inventory was higher than the base year 2003-04.
- iii) **CBS** The average inventory which was *** MT in 2003-04 and *** MT in 2004-05 increased to *** MT in 2005-06. During POI, the inventory further went up to *** MT. The average inventory, in terms of number of days' sales, which was 19 days in 2003-04 increased to 25 days in POI.
- iv) **PVI** The average inventory which were *** MT in 2003-04 and increased to ***MT in 2004 and 141 MT in 2005-06. During POI, the average inventory was *** MT. The average inventory in terms of number of days' sales, which was 21 days, increased to 37 days in POI.
- v) **TDQ** The average inventory which was *** MT in 2003-04 increased to *** MT in 2004-05 and *** MT in 2005-06. The average inventory in POI further went up to the level of *** MT. The average inventory, in terms of number of days sales, which was 11 days in 2003-04 increased steadily and reached to a level of 47 days in POI.
- vi) **TMT** The average inventory during 2003-04 was *** MT which went up to *** MT in 2005-06 and ***MT in POI. In terms of number of days' sale, the average inventory went up from 37 days (2003-04) to 47 days (POI).

H.5 Growth

69. The growth in demand shows positive trend from base year to POI on year to year basis. Growth on account of Production, sales, selling price and market share were negative in the POI.

H.6. Investment

70. The company has made fresh investments considering that the demand for rubber chemicals is increasing significantly with the significant increase in vehicles production in the Country. While the dumping has so far not impacted the ability of the company to raise

capital in the short run, it is quite possible that persistent dumping would have significant adverse impact.

H.7. Magnitude of Dumping

71. Magnitude of dumping as an indicator of the extent to which the dumped imports can cause injury to the domestic industry shows that the dumping margins determined against the subject countries, for the POI, are significant.

H.8. Conclusion on injury

72. On the injury front the Authority concludes as under:

i. PX-13 – Imports of PX13 during POI increased significantly in absolute terms. Imports increased significantly in relation to total imports into India, production and consumption in India. With regard to price effect, it is noted that imports were significantly undercutting the prices of the domestic industry in the market and selling price of the domestic industry declined significantly during POI. As regards consequent impact of dumped imports on the domestic industry, it is noted that the product was earlier facing dumping from Europe and Taiwan and interim anti dumping duties were imposed on 7th July, 2005. Performance of the domestic industry first improved and thereafter deteriorated in POI in terms of production, capacity utilization, selling price, profits, cash profit and return on investments. Domestic sales & market share declined and inventories increased throughout the injury period. Imports were suppressing domestic prices. The Authority notes that improvements in some parameters between 2003-04 and 2005-06 was on account of recovery from past dumping from other sources, while deterioration in 2005-06 and 2006-07 were due to dumping from subject countries.

ii. PVI – Imports of PVI increased significantly in absolute terms. Imports increased significantly in relation to production and consumption in India. With regard to price effect, it is found that imports were significantly undercutting the prices of the domestic industry in the market and selling price of the domestic industry declined significantly over the injury period. As regards consequent impact of dumped imports on the domestic industry, it is noted that performance of the domestic industry deteriorated in terms of production, capacity utilization, market share, inventories, selling price, profits, cash profit and return on investments. Even though domestic sales increased up to 2005-06, the same declined in investigation

period even when demand increased and the domestic industry had enhanced capacity in 2004-05. Imports were depressing the domestic prices throughout the injury period.

iii. TDQ – Imports of TDQ increased significantly in absolute terms. Imports increased significantly in relation to imports in India and & production/consumption in India. With regard to price effect, imports were significantly undercutting the prices of the domestic industry in the market. Resultantly, selling price of the domestic industry, which increased upto 2005-06, declined significantly thereafter in investigation period. Resultantly, profits, cash profits and return on investment declined in the investigation period. As regards consequent impact of dumped imports on the domestic industry, it is noted that the product was earlier facing dumping from EU and Taiwan, wherein investigations were initiated and anti dumping duties were imposed on 7th July, 2005. Performance of the domestic industry improved in terms of production, capacity utilization, domestic sales, selling prices, profit/loss, cash profits, return on investments between 2003-04 and 2005-06 as a result of imposition of anti dumping duties on EU and Taiwan. However, the performance in respect of all these factors deteriorated once again in the investigation period with dumping from China. Inventories with the domestic industry increased throughout the period. The domestic industry added capacities in line with increase in demand. However, capacity utilization declined significantly in the investigation period after improving upto 2005-06. The Authority notes that improvements in a number of parameters between 2003-04 and 2005-06 was on account of recovery from past dumping from other sources, while deterioration in investigation period were due to dumping from China.

iv. TMT – Imports of TMT increased significantly in absolute terms and in relation to production/ consumption in India. With regard to price effect, imports were significantly undercutting the price of the domestic industry in the market. As a result, selling price of the domestic industry increased upto 2005-06, but declined in investigation period. Further, while cost of sales increased, selling prices declined. As regards consequent impact of dumped imports on the domestic industry, performance of the domestic industry improved in terms of production, capacity utilization, sales volumes, profits, return on investments and cash profits upto 2005-06, whereas inventories increased and market share declined. The domestic industry were forced to reduce prices significantly in the investigation period and consequently, profits, return on investments and cash profits declined.

v. **CBS** – Imports of CBS increased significantly in absolute terms and in relation to production/consumption in India. With regard to price effect, imports were significantly undercutting the price of the domestic industry in the market, selling price of the domestic industry increased between 2003-04 to 2005-06 and declined significantly during the investigation period. As regards consequent impact of dumped imports on the domestic industry, it is noted that the performance of the domestic industry improved in terms of production, sales volume, profitability, PBIT, cash profit upto 2005-06 but deteriorated during POI (excepting production and sales volume. The capacity utilization during POI declined mainly due to enhanced capacity through production volume increased. The domestic industry during POI, could realize the selling price above the non-injurious price. The market share of domestic industry went up during POI over 2005-06.

vi. **MBT** – Imports of MBT increased significantly in absolute terms and in relation to production/consumption in India. With regard to price effect, imports were significantly undercutting the price of the domestic industry in the market. Selling price of the domestic industry increased up to 2005-06 and declined significantly during the investigation period, whereas cost of production increased throughout the injury period. The imports were thus suppressing as also depressing the prices of the domestic industry in the market. As regards consequent impact of dumped imports on the domestic industry, sales of the domestic industry improved upto 2004-05 and declined thereafter. Production and capacity utilization increased significantly in 2004-05 but declined in 2005-06 and thereafter increased again in investigation period, even though the levels were lower than 2003-04 and 2004-05. Whereas cost of sales increased throughout the injury period, the selling price increased upto 2005-06 and declined in investigation period. Resultantly, profits, cash profits and return on investments improved upto 2005-06 and declined in investigation period.

73. On the basis of above analysis, the Authority provisionally concludes that the performance of the domestic industry deteriorated in terms of production, sales volumes, capacity utilization, market share, factors effecting prices, profits, return on investment, cash profits, thus collectively and cumulatively showing that the domestic industry has suffered material injury.

H.9 Growth

74. Growth of the domestic industry was positive in respect of each of the subject rubber chemical up to 2005-06. However, growth became negative in respect of each of the subject

rubber chemicals during the proposed investigation period. Negative growth has been seen in respect of most of the parameters.

J. Causal Link

i. **PX-13** - Imports of PX-13 were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased on one hand, selling prices of the domestic industry declined on the other hand. Consequently, domestic sales, market share, profit/loss, cash profits, return on investment, which were improving till 2005-06, declined once again significantly in the investigation period and inventories with the domestic industry increased. Authority notes that improvements in some parameters between 2003-04 and 2005-06 was on account of recovery from past dumping from other sources, while deterioration in 2005-06 and 2006-07 were due to dumping from subject countries.

ii. **PVI** - Imports of PVI were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased on one hand, selling prices of the domestic industry declined on the other hand. Consequently, performance of the domestic industry with regard to production, capacity utilization, inventories, market share, profit/loss, cash profits, return on investment deteriorated over injury period. Significant price undercutting throughout the period has resulted in significant price depression in the market. Resultantly, whereas domestic sales were increasing till 2005-06, the same declined in the investigation period.

iii. **TDQ** - Imports of TDQ were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased significantly on one hand, selling prices of the domestic industry, which were increasing till 2005-06 after imposition of anti dumping duty on other countries declined significantly in investigation period. Consequently, performance of the domestic industry, which was improving till 2005-06 with imposition of anti dumping duties on other sources, deteriorated once again in terms of production, domestic sales, capacity utilization, inventories, market share, profit/loss, cash profits, return on investment deteriorated during investigation period and inventories with the domestic industry increased. Significant price undercutting throughout the period has resulted in significant deterioration in profits, return on investment and cash profits. **The authority however notes that the market share of Indian Producers as a whole**

(including domestic industry), which was 75.16% during 2005-06, improved to 78.58% during POI. Further, the Domestic Industry was able to realize, almost, Non-Injurious Price.

iv. **TMT** - Imports of TMT were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased on one hand, selling prices of the domestic industry, which were increasing till 2005-06, declined in the investigation period. Consequently, performance of the domestic industry with regard to production, capacity utilization, inventories, market share, profit/loss, cash profits, return on investment deteriorated over injury period.

v. **MBT** - Imports of MBT were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased on one hand, selling prices of the domestic industry, which were increasing till 2005-06, declined in the investigation period even when cost of production increased throughout the injury period. Consequently, performance of the domestic industry with regard to production, capacity utilization, inventories, market share, profit/loss, cash profits, return on investment deteriorated. As a result of significant price undercutting, profits, cash profits and return on investments continued to decline in POI.

vi. **CBS** - Imports of CBS were significantly undercutting the prices of the domestic industry in the market. As a direct consequence, while volume of imports increased on one hand, selling prices of the domestic industry, which increased between 2004-05 and 2005-06, declined in the investigation period. Consequently, performance of the domestic industry, which was improving till 2005-06, declined significantly in the investigation period with regard to profit/loss, cash profits, and return on investment. **The Authority notes that the domestic industry enhanced its capacity during POI as a result of which capacity utilization declined during POI. Authority also notes that despite lower capacity utilization, the market share of domestic industry improved during POI. That apart, the domestic industry was able to realize the selling price above the Non-Injurious Price.**

K. Examination of Other Known Factors

K.1 Volume and prices of imports from other sources

75. Volume and value of imports from other countries are either de-minimus or the prices are significantly higher. In fact, in all the subject rubber chemicals, share of other countries

(in imports in India) declined significantly in respect of PX-13 (6-PPD), MBT and TDQ and that of subject countries increased significantly. The petitioner has claimed that imports from other countries are not causing injury to the domestic industry.

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

76. Demand for the subject rubber chemicals is on the increase. Possible decline in the demand has, therefore, not contributed to any injury to the domestic industry. At the same time, in spite of rising demand in the market, sales of the domestic industry either in absolute term or relative to consumption has declined.

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

77. Material injury has been caused to domestic industry from dumped imports. The petitioner is producing the subject rubber chemicals for the past several years. The technology adopted by domestic industry is comparable to the technology adopted by other players world-over. There is no significant difference in the manufacturing process. In fact, minor developments in processes apart, technology for production of various rubber chemicals, including subject rubber chemicals, are fairly matured, established and standardized, with little technological innovations and developments.

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

K.4 Development of technology

79. The technology as also production process for producing various rubber chemicals is fairly stabilized with little technical or technological developments. There is hardly any technological advancement.

K.5 Export performance

PX 13	Unit	2003-04	2004-05	2005-06	POI
Export Sale	MT	***	***	***	***
Trend	Indexed	100.00	103.92	119.56	101.28
<u>MBT</u>					
Export Sale	MT	***	***	***	***
Trend	Indexed	100.00	137.21	28.01	128.56
<u>CBS</u>					
Export Sale	MT	***	***	***	***
Trend	Indexed	100.00	97.73	97.78	166.21
<u>PVI</u>					
Export Sale	MT	***	***	***	***

Trend	Indexed	100.00	90.68	100.53	93.24
TDQ					
Export Sale	MT	***	***	***	***
Trend	Indexed	100.00	91.65	109.03	108.93
TMT					
Export Sale	MT	***	***	***	***
Trend	Indexed	100.00	116.47	91.21	125.83

80. The petitioner has segregated injury caused due to adverse export performance and injury caused in the domestic market due to dumping in Indian market. Thus, the injury being claimed is the injury being caused due to performance in the domestic market alone.

K.6. Performance of other products of the Domestic Industry

81. Performance of other Rubber Chemicals being produced and sold by the Company has also deteriorated, reasons for which are dumping of those products. Petitioner is facing dumping in respect of some other Rubber Chemicals also. However, different rubber chemicals are not like articles. Further, Annexure II to the Rules provides that when separate information in respect of like product can be provided separately, the same should be considered as the relevant information. It is only when separate information in respect of product under consideration and other products cannot be combined that the Rules authorize inclusion of other products also in the injury analysis. Following the legal provision, the authority has not included injury caused in other products in the injury information being provided in respect of the products for which the present petition is being filed.

82. No other factor which could have possibly caused injury to the domestic industry has been brought to the knowledge of Authority.

L. Conclusion On Causation

83. Significant increase in the volume of dumped imports has resulted in significant decline in the market share of domestic industry. It is further seen that decline in market share of domestic industry as a consequence of increase in market share of subject imports from subject countries prevented the domestic industry from increasing their sales commensurate to growth in demand. As a result, sales of domestic industry during POI did not increase to such an extent that domestic industry could have optimally utilized its capacity. Consequently, production, sales and capacity utilization of the domestic industry suffered as a result of the decline in the market share of the domestic industry. Significant price undercutting caused by dumped imports prevented the domestic industry from increasing its prices to the extent of increase in costs. Resultantly, profit, cash flow and return on

investment of the domestic industry deteriorated in the POI. Significant price-undercutting and substantial increase in the volume of dumped imports adversely affected the performance of the domestic industry in terms of profits, cash flow, and return on investment, which parameters deteriorated in POI after improving till 2005-06.

84. The Authority has, therefore, provisionally concluded that the dumped imports originating in the subject countries have caused material injury to the domestic industry within the meaning of Rule 11 of Anti-dumping Rules and article 3.5 of Agreement of Anti-dumping.

M. Magnitude of Injury Margin

85. The non-injurious price determined by the Authority has been compared with the landed value of the exports for determination of injury margin. The weighted average landed price of the exports from the subject country and the injury margins have been worked out as follows:

L.1. Injury margin Calculations

N. Conclusions

86. The Authority has, after considering the foregoing, come to the conclusion that:

A. The subject goods have been exported to India from the subject countries below its normal value;

B. The domestic industry has suffered material injury;

C. The injury has been caused by the dumped imports from subject countries.

O. Indian industry's interest & other issues

87. The Authority recognizes that imposition of anti-dumping duties might affect the price level of product in India. However, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantage gained by dumping practices, would arrest the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. Consumers could still maintain two or even more sources of supply.

88. 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 country in any way, and, therefore, would not affect the availability of the products to the consumers.

P. Recommendations

89. 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.

90. Therefore, 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.

91. Having regard to the lesser duty rule followed by the authority, provisional anti-dumping duty equal to the lesser of margin of dumping and margin of injury may be recommended, denominated in Indian Rupees, so as to remove the injury to the domestic industry. Accordingly, provisional anti-dumping duty equal to the amount indicated in Col 8 of the table below 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

Q.1. Duty Table

S.No.	Sub. Heading	Description	Specification	Country of origin	Country of Export	Producer's Co Ltd.	Exporter Petrochemicals Co Ltd.	Duty Amount	Unit of Measurement	Current Currency
4	- do -	do		Korea	Korea	Korea Kumho Petrochemicals Co Ltd.	Korea Exporter Petrochemicals Co Ltd.	10.44	Per kg	INR
51	- do -	do	-4	Korea	Any other than above	Any other than above	Any other than above	27.56	Per kg	INR
1	2503, 2902, 2907, 2909, 2917, 2921, 2925, 2930, 2933, 2934, 2935, 2942, 3811, 3812, 3815	Rubber chemical PX-13	note 1 below	China	China	Sinorgchem (Group) Co	Sinorgchem (Group) Co	48.34	Per kg	NR
6	do	do		Any other than China	Korea	Any other than above	Any other than above	27.56	Per kg	INR
2	- do -	do		China	Any	Any other than above	Any other than above	66.62	Per kg	INR
3	- do -	Rubber chemical MBT	note below	China other than Korea	China	Shandong Chemical Co. Ltd.	Shandong Chemical Co. Ltd.	26.62	Per kg	INR

8	- do -	do		China	Any	Any other than above	Any other than above	33.51	Per kg	INR
9	- do -	do		Any	China	Any other than above	Any other than above	33.51	Per kg	INR
10	- do -	Rubber chemical TDQ	note below	3 China	Any	Any	Any	20.55	Per kg	INR
11	- do -	do		Any	China	Any	Any	20.55	Per kg	INR
12	- do -	Rubber chemical TMT	note below	4 China	China	Shandong Shanxian Chemical Co. Ltd.	Shandong Shanxian Chemical Co. Ltd.	NIL	Per kg	INR
13	- do -	do		China	Any	Any other than above	Any other than above	NIL	Per kg	INR
14.	- do -	do		Any	China	Any other than above	Any other than above	NIL	Per kg	INR
15.	- do -	Rubber chemical CBS	note below	5 China	China	Shandong Shanxian Chemical Co. Ltd.	Shandong Shanxian Chemical Co. Ltd.	NIL	Per kg	INR
16.	- do -	- do -		China	Any	Any other than above	Any other than above	NIL	Per kg	INR
17	- do -	- do -		Any	China	Any other than above	Any other than above	NIL	Per kg	INR
18	- do -	Rubber chemical PVI	note below	6 China	China	Shandong Shanxian Chemical Co. Ltd.	Shandong Shanxian Chemical Co. Ltd.	12.45	Per kg	INR
19	- do -	- do -		China	China	Shandong Yanggu Huatai Chemical Co. Ltd.	Shandong Yanggu Huatai Chemical Co. Ltd.	23.44	Per kg	INR
20	- do -	- do -		China	Any	Any other than above	Any other than above	29.34	Per kg	INR
21	- do -	- do -		Any	China	Any other than above	Any other than above	29.34	Per kg	INR

Regarding specifications as(Col.. 4 above) ,following table shall be applicable

	Generic name	Classification	Other trade name/brand names
1	6PPD	3810, 3812, 2921, 9801	N- (1, 3-dimethyl butyl)-N' Phenyl – p –phenylenediamine, or 6C, or Pifflex 13 , Sirantox 4020, Antioxidant 4020, Kumhonax 13 , Vulcanox 4020
2	MBT	2934, 2942, 3812	2-Mercapto Benzothiazole, or Accelerator M , Accelerator MBT
3	TMO	2921, 2933, 2934, 3812, 9801	Polymerized 2,2, 4-Trimethyl-1,2-dihydroquinoline, or TDQ or Antioxidant RD
4	TMT	2930, 2942 3812	Tetramethylthiuram Disulfide , or Accelerator TMTD , Thiuram C
5	CBS	2934, 3812	N-cyclohexyl-2-benzothiazole sulphenamide, or Accelerator CZ. Accelerator HBS , CBS
6	PVI	2921, 2925 2935, 3812	N-(Cyclohexylthio)phthalimide , or Anti Scorch Agent CTP , PVI

R. Further Procedures

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

- a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final finding;
- b. 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;
- c. The Authority would conduct further verification to the extent deemed necessary;
- d. The Authority would disclose essential facts before announcing final findings.

R. Gopalan
The Designated Authority