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Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Anti Dumping and Allied Duties

**NOTIFICATION**

**2<sup>nd</sup> June 2010**

**Preliminary findings**

**Subject: Anti-dumping Investigation concerning import of Glass Fibre and articles thereof originating in or exported from China PR. - Preliminary findings.**

14/28/2009-DGAD – Having regard to Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules thereof, as amended from time to time (hereinafter referred to as the AD rules).

**A. PROCEDURE**

2. The procedure described below has been followed.

- i. The Designated Authority (hereinafter referred to as the Authority), under the above Rules, received a written application from M/s. Owens Corning India Limited, Mumbai and M/s. OCV Reinforcement Manufacturing Limited, Hyderabad on behalf of the domestic industry, alleging dumping of glass fiber and articles thereof originating in or exported from China PR (hereinafter referred to as subject country).
- ii. Preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the Applicant. The application was, therefore, considered as properly documented.
- iii. The Authority, on the basis of sufficient evidence submitted by the Applicant to justify initiation of the investigation, decided to initiate the investigation against imports of the subject goods from the subject country.
- iv. The Authority notified the embassy of the subject country in India about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the AD Rules.
- v. The Authority issued a public notice dated 8<sup>th</sup> January 2010 published in the Gazette of India, Extraordinary, and initiating anti-dumping investigation concerning imports of the subject goods.
- vi. The Authority forwarded a copy of the public notice to all the known exporters (whose details were made available by the Applicant) and industry associations and gave them opportunity to make their views known in writing in accordance with the Rule 6(2) of the AD Rules.

- vii. The Authority also forwarded a copy of the public notice to all the known importers of the subject goods in India and advised them to make their views in writing within forty days from the date of the letter.
- viii. The Authority provided a copy of the non-confidential version of application to the known exporters and the embassy of the subject country in India in accordance with Rule 6(3) of the AD Rules. A copy of the Application was also provided to other interested parties, wherever requested.
- ix. The Authority sent questionnaires to elicit relevant information to the following known exporters in subject country in accordance with Rule 6(4) of the AD Rules:
- a) Chongqing Polycomp International Corp, Dadukou District, Chongqing, China-400082.
  - b) Jushi Group Co. Ltd, 699 Wenham Road (South), Tongxiang Economic Development Zone, Tongxiang City, Zhejiang Province-314500, China.
  - c) Taishan Fiberglass Inc., Economic Development Zone, Taian, Shangdong, China.
  - d) Zibo PPG Sinoma Jinjing Fiber Glass Co Ltd, 202 Zhongxin Road Zibo, Shandong Province- 255086.
- x. In response to the initiation notification, the following exporters / producers from China have responded:
- a) Jushi Group Co Ltd (hereinafter also referred to as ‘Jushi, Tongxiang’)
  - b) CNBM International Corporation
  - c) Jushi Group Jiujiang Co Ltd.
  - d) Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”).
  - e) Jiangsu Changhai Composite Materials Holding Co Ltd (OCH)
  - f) Jushi Group Chengdu Co Ltd
  - g) Taishan Fiberglass Inc. (CTG or the Company) (CTG or the Company).
  - h) Taishan Fiberglass Zoucheng Co., Ltd. (“Zoucheng”, the Company)
  - i) Sinoma Jinjing Fiber Glass Co Ltd
  - j) Shandong Aste New Materials Co Ltd
  - k) China National Materials Industry Import & Export Corporation (Sinoma Import & Export, the Company)
  - l) Shandong Taishan-PDO Glass Fiber Products Co., Ltd. (“PDO”, the Company)
  - m) PPG Sinoma Jinjing Fiber Glass Company, Ltd.
  - n) Sinoma Jinjing Fiber Glass Co., Ltd.
- xi. Questionnaires were sent to the following known importers / users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:

Kemrock Industries & Exports Ltd. At Village Asoj, Baroda GUJARAT	Pentair Water India P Ltd L52-55, Verna Industrial Estate Verna, Salcette, Goa.
Amiantit Fibreglass India Limited Plot No. 120 (Part) 121, 177 (Part), Maina	Sundaram Brake Linings Ltd Padi,

Road, Village-Navelim Taluka Bicholim NORTH GOA	Chennai – 600050
Graphite India Limited 523-524, Gonde Tal. Igatpuri NASHIK. Mharashtra.	Indore Composite Pvt. Ltd. Sethna, 4th Floor 55, Maharshi Karve Road Marine Lines, Mumbai - 400 002
AKSH OPTIFIBRE LIMITED B-1/J-1/1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044	Balaji Fibre Reinforcement Pvt. Ltd. Survey no. 293-1 & 2 Sakarda Bhadarva Road Nr. Poicha Crossing Vill : Poicha (Khandi) Tal. Savli, Dist. Vadodara.
O. K. Glass Fibre Limited 24, Navnandanvan Industrial Estate Opp. Ralliwolf L.B.S. Marg Mulund (W). Mumbai.	Jushi (India) FRP Accessories Pvt. Ltd. 310,Creative Industrial Estate, N.M. Joshi Marg, Mumbai 400 011
Sky Fibreglass Solutions Pvt. Ltd. B-505, Twin Acrade, 5th Floor, Military Road , Marol, Andheri (E), Mumbai - 400 059	Aarvi Composites Pvt. Ltd. A-501, Safal Pegasus 100 Ft. Road, Prahladnagar Satellite Ahmedabad – 380 015

xii. In response to the initiation notification, the following importers /users have responded

- a) M/s Kemrock Industries and Exports Ltd, India
- b) M/s Jushi(India) FRP Accessories Pvt Ltd
- c) M/s Graphite India Ltd
- d) M/s Pacific Pipe Systems Pvt Ltd
- e) M/s SKY Fiberglass Solutions Pvt Ltd
- f) M/s EPP Composites Pvt Ltd
- g) M/s Balaji fiber Reinforce Pvt
- h) M/s Aarvi composites Pvt Ltd

xiii 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.

xiv. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis was directed to provide sufficient non confidential version of the information filed on confidential basis

xv. Information was sought from the applicant and other domestic producers also.

xvi. The Non-injurious Price based on the cost of production and cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry;

xvii Investigation was carried out for the period starting from 1<sup>st</sup> April 2008 to 30<sup>th</sup> Sept. 2009 (POI). The examination of trends, in the context of injury analysis covered the period from 2005-06, 2006-07, 2007-08 and POI.

## **B. PRODUCT UNDER CONSIDERATION AND DOMESTIC LIKE ARTICLE**

### **B.1 Product under consideration**

3. The Product under consideration in the present investigation is glass fibre and articles thereof, including glass roving, glass chopped strands, glass chopped strands mats. Specifically excluded from the scope of the product under consideration are glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications.

4. Glass fibre articles are made from extremely fine fibres of glass. Glass fibre articles are essentially a reinforcement material. Various uses for glass fibre articles include thermal insulation, electrical insulation, reinforcement of various materials, tent poles, sound absorption, heat and corrosion resistant fabrics, high strength fabrics, pole vault poles, arrows, bows and crossbows, translucent roofing panels, automobile bodies, hockey sticks, surfboards, boat hulls, and paper honeycomb. The subject goods are classified under Chapter 70 of the Customs Tariff Act at sub-heading no. 7019. The customs classification is however, for reference purpose only and does not have binding on the scope of the present investigation.

### **Views expressed by the domestic industry**

- a) The product under consideration in the present application is “Glass fibre and articles thereof, excluding glass wool, glass yarn, glass woven fabrics and chopped strands meant for thermoplastic applications”.
- b) Various types of glass fibre are produced using the same or similar raw materials and follow through the same production process.
- c) A large number of glass fibres are produced by the manufacturers globally to meet various specific end applications of the consumers. Production of different types by a producer therefore depends on a number of commercial & technical parameters. The domestic industry possess technical capabilities to produce all kinds of glass fibre by virtue of their affiliations with the global leaders of the product, who are in fact inventors of the product.
- d) No type of glass fibre should be excluded from the scope of the investigations. Non production of a particular type is more on account of commercial factors (primarily, availability of sufficient demand in the Country and the fact that the same are being produced by their counterparts outside India).

## **Views expressed by interested parties**

### **BII Raman Fiber Science Pvt. Ltd.**

- a) The company is an importer of micro-glass fiber from China, which is a specialty product and is different from the glass fiber.
- b) Micro glass fiber is used in the manufacture of battery separators and high efficiency air and liquid filter media. It has a special manufacturing process.
- c) There is no domestic manufacturer of this special low diameter glass fiber.
- d) We are importing the micro-glass fiber to produce separators which are being produced in India for the first time. It has earlier been imported.
- e) Our imports have not caused injury to the domestic industry.
- f) The invoice description of the goods imported by the company is “glass wool”, which is excluded from the scope of product under consideration.
- g) The company imports glass tissue which falls under the customs heading 70199000 (others) and should be excluded from the scope of the investigation.
- h) Imported micro-glass fiber should fall under the excluded category.

### **BIII HBL Power Systems Ltd.**

- a) Company deals in manufacturing of lead acid batteries in India. It imports AGM battery separators from China as it is not manufactured domestically.
- b) Micro glass fiber is the raw material used in the manufacturing of battery separator. Company is planning to set up its own battery separator manufacturing plant in India.
- c) Micro glass fiber is imported from China as it is not produced domestically and hence it cannot cause injury to the domestic industry.

### **BIV Examination by the Authority**

5. The Authority notes that the scope of product under consideration as defined in the initiation notification is as follows:-

Product under consideration in the present petition is Glass fibre and articles thereof, including glass rovings, glass chopped strands, glass chopped strands mats. Specifically excluded from the scope of the product under consideration are glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications.

6. Glass fibre articles are made from extremely fine fibres of glass. Glass fibre articles are essentially a reinforcement material. Various uses for glass fibre articles include thermal insulation, electrical insulation, reinforcement of various materials, tent poles, sound absorption, heat and corrosion resistant fabrics, high strength fabrics, pole vault poles, arrows, bows and

crossbows, translucent roofing panels, automobile bodies, hockey sticks, surfboards, boat hulls, and paper honeycomb. The subject goods is classified under chapter 70 of the Customs Tariff Act at subheading no. 7019. The customs classification is however, is for reference purpose only and will have no binding on the scope of the present investigation.

7. Glass fibre is an extremely fine fibre of glass. Certain minerals are mixed in a pre-determined composition, melted at high temperature in a furnace in a batch process. The melted material is drawn through bushings to form fibres. A fiberization process is carried out wherein some chemicals are applied and the material is cured. The fibre so produced can be processed further either off line or on line to obtain a large variety of articles. The off line or on line process might involve additional plant and equipments.

8. Petitioners have argued that all types of glass fibre have essentially the same physical and technical characteristics, employ the same technology & follow essentially the same production process, are produced using the same raw materials, perform the same function (i.e., as reinforcement material), follow the same pricing. Depending upon end applications, glass fibre is produced in a large number of different types, distinguished in terms of following product properties –

- a) product form – various forms of glass fibre can be assembled roving, direct roving, volumenized direct roving, dry-use chopped strands, wet-use chopped strands, chopped strand mats with emulsion binder, chopped strand mats with powder binder, continuous filament mats with emulsion binder, continuous filament mats with powder binder.
- b) Density – glass fibre can be produced in different densities/linear densities. . Density and linear density of glass fibre is measured in terms of gsm (i.e., grams per square meter) and tex (grams/kilometer) respectively.

9. The Authority has examined the requests for exclusion received from various interested parties and notes that domestic industry has not produced micro glass fibre used in battery separator, surface mat/surface veil/tissue during the investigation period. Further, production of these types require certain additional production facilities, which are not available with the domestic industry.

10. The Authority has therefore provisionally excluded these types of the product under consideration from the scope of product under consideration and measures for the purpose of the present investigations subject to further examination. Thus, for the purpose of preliminary findings, the product under consideration is glass fibre and articles thereof, including glass roving, glass chopped strands, glass chopped strands mats. Specifically excluded from the scope of the product under consideration are glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications, micro glass fibre used in battery separator, surface mat/surface veil/tissue.

## **B.V Like Article**

11. With regard to like article, Rule 2(d) of the AD rules provides as under:

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

12. The applicant claimed that there is no known difference in applicant's product and subject goods exported from the subject country and are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods and there is no significant difference in the subject goods produced by the applicant and those exported from the subject country and the both are technically and commercially substitutable.

13. The Authority has examined the matter and notes that there is no known difference in subject goods produced by the Indian industry and exported from subject country(ies). The subject goods produced by the Indian industry and that imported from subject country(ies) are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. None of the opposing interested parties has raised any objection in this regard. Subject goods produced by the petitioner companies are being treated as domestic like articles to the subject goods imported from subject country(ies) in accordance with the anti-dumping Rules.

### **C. SCOPE OF DOMESTIC INDUSTRY AND STANDING**

14. Rule 2 (b) of the AD rules defines domestic industry as under:

*"Domestic industry" means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in which case such producers may be deemed not to form part of domestic industry:*

15. The application has been filed by M/s. Owens Corning India Limited, Mumbai and M/s. OCV Reinforcement Manufacturing Limited, Hyderabad as domestic industry and supported by Goa Glass Fiber Ltd, Mumbai. Post initiation, Goa Glass Fiber has provided information relating to injury to the domestic industry. A copy of the non confidential version of the information provided by Goa Glass was made available to interested parties through public file.

#### **Views expressed by China Glass Fiber Industry Association**

- a) The investigation does not meet the requirement of the domestic industry as per the ADD rules.
- b) Both the applicant companies M/s Owens Corning (India) Ltd and M/s OCV Reinforcement manufacturing Ltd. are related to a number of exporters from China

- c) Details of imports made by the companies are provided but the details of the exports made by their related companies to the importers are not yet provided by the companies.
- d) This deliberate act is to misled the authority and the related exporter's name is not even shown in the exporters list.
- e) Onus is on the domestic industry to establish their standing according to the law.

16. The Authority notes that one of the applicant had imported some volumes of the product under consideration in the earlier years i.e. 2005-07 which the company claimed that it had imported the subject goods at the time of suspension in its production due to force majeure conditions. The production of the company got disrupted at the time of flood in Maharashtra. However, in order to meet its specific requirements, the company imported the product and sold the same. Since these are imports of the product under consideration at the time of temporary suspension of production and were not in the investigation period, Authority holds that imports of the same do not disqualify the standing of the company to qualify as domestic industry. One of the applicants has been regularly importing some types of glass fibres which are beyond the scope of the product under consideration in the present petition. Since these are imports of the product not included in the scope of the product under consideration, imports of the same are in any case irrelevant for the present purpose. Further one of the applicants has imported small volumes of one of the product types under investigation during the period of investigation from China PR. The company has submitted that these imports were made for benchmarking purpose as one of its customers had raised quality issues and the Chinese product was provided to the consumer to establish no difference in the product quality. The Authority after examination holds that volume of these imports is quite small (around 0.1% of total imports, 0.05% of demand in India and 0.06% of Indian production) and has been done for benchmarking purposes (to establish quality of the domestic industry product). It is also held that the focus of the company continues to be on production within the country and has not shifted to imports. The company has not behaved differently as opposed to other Indian producers as a result of these imports. The Authority further notes the claim made by domestic industry that these imports were either made or arranged by the company and then supplied to the customers, who had raised quality issues with regard to the products supplies by the domestic industry.

17. In view of the foregoing, the Authority therefore holds that these small volume of imports of the product under consideration do not disqualify the standing of the company to be treated as eligible domestic industry within the meaning of Rule 2(b).

18. With regard to the arguments of the China Glass Fiber Industry Association about the quantum of exports made by Owens Corning China to India, the Authority notes that the producer in China related to exporter has provided certificate confirming total exports made by the company. Thus, it is noted that exports made by the company have been considered by the Authority and the same does not vitiate the position. The Chinese related company has offered itself for verification of the information provided by the company.

19. Having regard to the provision under Rule 2(b) and the facts of the case, the Authority considers it appropriate to consider all three companies as eligible domestic producers within the meaning of Rule 2(b).

20. The Authority thus determines that the application satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD Rules. Further, M/s. Owens Corning India Limited, M/s. OCV

Reinforcement Manufacturing Limited and M/s. Goa Glass Fibre Ltd. are being treated as 'domestic industry' within the meaning of Rule 2(b) of the AD Rules.

## D. DUMPING MARGIN

### Submissions of the domestic industry

21. It has been contended by the domestic industry that China PR should be treated as non market economy country, *inter alia*, stating that:

- a) **Market economy status cannot be given in a situation where one of the major shareholders is a State owned/controlled entity** – It has been contended by the Domestic industry that the European Commission has consistently held that possibilities of State interference cannot be ruled out in cases, where there is significant share of a State owned/controlled entity. It has been contended that it is not only the question of past interferences alone, but also possibilities of potential State interference in the future after the imposition of anti dumping duties that is relevant for granting market economy treatment.
- b) **Market economy status cannot be given unless the responding Chinese exporters establish that the prices of major inputs substantially reflect market values:** It has been contended by the Domestic industry that “substantially reflect market values” has been widely interpreted to mean that the price of these inputs must be comparable to the prices prevailing in the international market. The Domestic Industry contends that the fact that such prices are comparable to the price prevailing in China PR is grossly insufficient.
- c) **Major inputs include utilities:** It has been contended by the Domestic industry that production of the products concerned require power and fuel as a major item of utility. Admittedly, while the power supplier is a State owned entity, insufficient information is available with regard to fuel supplier. It has not been established by the exporters that the price of utilities reflect fair market values.
- d) **Market economy status cannot be given unless the responding exporters establish that their books are audited in line with international accounting standards:** It has been contended by the Domestic industry that Chinese exporters have repeatedly disputed the treatment of European Commission to reject market economy treatment in such situations where Chinese exporters are unable to establish that their books are consistent with Chinese GAAP. Chinese companies in such cases have been contending that the requirement of insisting on compliance with International Accounting Standards is beyond law.
- e) **Market economy status cannot be granted even if one of the parameters is not satisfied:** It has been contended by the Domestic industry that the European Commission has repeatedly insisted that market economy status cannot be granted unless the responding Chinese exporters pass the test in respect of each and every parameter laid down under the Rules.
- f) **Onus/obligations:** It has been contended by the Domestic industry that it is not for the Authority to establish that the responding companies are indeed operating under market economy environment and are entitled for market economy treatment. On the contrary, it is for the responding Chinese exporters to establish that they are operating under market economy conditions.
- g) **Transformation:** It has been contended by the Domestic industry that in a situation where the current shareholders have not set up their production facilities themselves but have

acquired the same from some other party, market economy status cannot be granted unless process of transformation has been completely established through documentary evidence.

22. It has been contended by the Domestic industry that failure to satisfy a number of conditions mentioned above by the responding Chinese exporters, is sufficient to hold that market economy status cannot be granted to responding Chinese companies and thus the Normal value should be determined in accordance with Para-7 of the Rules.

### **Submissions by other interested parties**

- a) Rules provide for the selection of appropriate third country, in a reasonable manner, keeping in view the level of development of the country and product under consideration.
- b) South Korea is not an appropriate surrogate country to establish normal value in china. No reasons have been provided by the applicants for their selection. More ever, the exporter from South Korea is a related exporter and hence not suitable for determining normal value.

### **D.1 NORMAL VALUE**

23. The Authority notes that in the past three years China PR has been treated as 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 AD 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 for the purposes of preliminary determination.

24. As per Paragraph 8 of the Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. The cooperating exporters/producers of the subject goods from 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 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 labor, output, sales and investment are made in response to market signals reflecting supply and demand and 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 and
- d) The exchange rate conversions are carried out at the market rate.

25. The Authority notes that responding producers/exporters of the subject goods from China PR have submitted their questionnaire responses and two of them have submitted response to the

market economy questionnaire 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 exporters have been examined for determination of normal value of the responding producers/exporter of the subject goods from the subject country as follows.

### **Responding producers/Exporters seeking MET**

#### **M/s Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”) and M/s Jiangsu Changhai Composite Materials Holding Co Ltd (OCH)**

26. M/s Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”) has filed a questionnaire response and market economy response (MET) response in this matter as a producer and exporter of the subject goods. It is submitted that M/s NCH produces the product concerned, sells them in the domestic market and exports them to other countries including India. In the manufacture of the product concerned, certain activities are carried out by Jiangsu Changhai Composite Materials Holding Co Ltd (OCH) a related company on a job work basis. NCH’s parent company OCH is involved with the business of the subject merchandise. Mr. \*\*\*\* who is the Chairman of the Board of Directors of NCH is also the Chairman of the Board of Directors of OCH. Mr. \*\*\*\* who is the Director of the Board of directors of NCH is the General Manager of OCH. They are also main shareholders of OCH. The company in their MET response has submitted that it is a foreign (co-operative or equity) joint venture. NCH has two shareholders, i.e. OCH (former Changzhou Changhai GFRP Products Co., Ltd) (OCH) holding \*\*\*\*% shareholding and SPM holding the rest \*\*\*\*%. In light of the shareholding, OCH controls NCH. It has been submitted that OCH is primarily owned by family members. However, in the response to the MET Questionnaire, the company has not given any account of the transformation from State/ local bodies to privatization. With regards to pricing of raw materials and whether the suppliers of the raw materials is a private person or state or state enterprise, it is noted that though the company has submitted some information, it has not been established that the prices of raw materials and utilities reflect the market values. Thus, on the basis of their response, it is not possible to provisionally conclude the fact that their raw materials and utility prices reflect the market values. Hence, pending examination of the issues including ownership and control, its impact on the cost and prices and business decisions of the company, and verification of the same, the Authority is of the view that this producer- exporter from China PR cannot be granted market economy status for the preliminary determination of its Normal Value.

27. From the questionnaire response, it is noted that the subject producer and exporter has a substantial domestic sales and they have provided details of their sales to India as well as export sales to other countries. The response of the company was examined. It is noted that the producer and exporter has not submitted the information in the soft copy in the linked form and all the figures are paste special only. Thus, it is not possible to cross check, link and reconcile the figures given in various appendix of the exporters questionnaire. A deficiency letter detailing other deficiencies is being sent to the cooperating exporter and producer in this regard.

#### **Chongqing Polycomp International Corporation (CPIC)**

28. This company has submitted that it is a foreign ( joint) venture. CPIC was originally established on Aug 27, 1991, since the establishment, CPIC has been a sino-foreign joint venture The shareholders of CPIC are Yunnan Yuntianhua Co., Ltd. (\*\*\*\*%, hereinafter referred as

"YYCL", which is a public company listed in Shanghai Stock Exchange), Saudi Arabian Amiantit Co. (\*\*\*\*%, hereinafter referred as "SAAC", which is the largest company in the world producing glass fiber reinforced plastic pipes), and others. It has been submitted that although YYCL's largest shareholder-Yuntianhua Group is state owned, business decisions of CPIC are free from State intervention. From the response of the company, it has not been established that the prices of raw materials and utilities reflect the market values. Pending examination of the issues including ownership and control, its impact on the cost and prices and business decisions of the company, and verification of the same, the Authority is of the view that this producer-exporter from China PR cannot be granted market economy status for the preliminary determination of its Normal Value.

29. The producer and exporter has not mentioned details of payment terms in Appendix 1 of the response to the exporters questionnaire. In Appendix 2, they have not given an account of commission and rebate. Also, the VAT refund is not mentioned in the Appendix 2 as well as 3A. The information in respect of Appendix 3 is incomplete as much of the information as required in the various columns has not been submitted. Further, the detailed information in respect of Appendix 4 and 7 has also not been submitted. A deficiency letter is being sent to the cooperating exporter and producer in this regard.

### **Other Producers/Exporters**

30. Other producers and exporters who have not submitted response to MET questionnaire and claimed MET treatment are as follows:

Jushi Group Chengdu Co. Ltd. (producer and Exporter)  
Jushi Group Co. Ltd.(Producer and Exporter)  
Jushi Group Jiujiang Co. Ltd.  
China National Materials Industry Import & Export Corporation (Sinoma Import & Export, the Company)  
Shandong Taishan-PDO Glass Fiber Products Co., Ltd – producer and exporter  
CNBM International Corporation  
Taishan Fiberglass Inc. (CTG or the Company) (CTG or the Company).  
Shandong Aste New Materials Co Ltd  
Taishan Fiberglass Zoucheng Co., Ltd. (“Zoucheng”, the Company)  
Sinoma Jinjing Fiber Glass Co Ltd  
PPG Sinoma Jinjing Fiber Glass Company, Ltd.  
Sinoma Jinjing Fiber Glass Co., Ltd.

31. It is noted that none of the these producers and exporters have filed the MET response and they have also not claimed MET treatment in this response. The Authority recalls that as per Paragraph 8 of the Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. In this case, the cooperating exporters/producers of the subject goods from China were required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the criteria as listed in the subject rules. However, as

these producers and/ exporters have not submitted market economy questionnaire response in terms of the above rules, the normal value has been constructed based on the criteria as mentioned below.

### **Determination of Normal Value for producers and exporters in China PR**

32. *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 of 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 be 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”*

33. As stated above, Authority does not consider it appropriate to give market economy treatment to the above two producers, who have claimed market economy treatment as per the reasons mentioned above. Therefore, normal value is being determined in accordance to the Rules. In the initiation notification, comments were invited from all interested parties about suitability of Korea RP as appropriate surrogate country for determination of normal value for China PR. Subsequent to the initiation, some of the interested parties have opposed consideration of Korea RP as surrogate country. It has been claimed by them that Authority should consider representativeness of market, size of concerned market, the fact whether volume of transaction used in analogue country is at least 5% of export from such NME country to India, openness of market, effective competition, access to raw materials, and whether there is significant difference in access to raw material in subject country and analogue country. Further, one interested party has given reference of EC case relating to Gas Fuelled non refillable flint lighter from the PRC. It is further claimed by them that India is appropriate surrogate country to China PR and Normal value in China should be determined considering India as surrogate country.

34. The views/submissions of interested parties in this regard have been examined. In view of the arguments advanced, the Authority has not taken Korea RP as a surrogate country for determination of normal value for China PR. The Authority has therefore constructed the Normal value for China PR considering prices of major raw materials, consumption factor of domestic industry and conversion cost of domestic industry. The Normal value is determined separately for each type of product concern.

### **Export Price for cooperating exporters**

### **General methodology followed**

35. For the responding exporters, the export price has been provisionally determined after taking into account their prices to India given in their appendix wise information and all adjustments claimed by them. For other exporters, the Net export price has been adjusted for ocean freight, marine insurance, commission, inland freight, port expenses and bank commission, as per information provided by these exporters on provisional basis subject to verification after the provisional findings.

**China National materials Industry Import & Export Corporation, Shandong Aste New Materials Co Ltd.& Sinoma Jinjing Fiber Glass Co., Ltd.**

36. China national materials industry import and export corporation is the trade branch and trade platform of Sinoma group (China national materials group Corporation) which is managed by SASAC ( state owned assets supervision and administration commission of the state council ). Further, these companies have submitted response to the exporters questionnaire and it is noted from their response that they have exported tissues to India during the POI. M/s Shandong Aste New Materials Co Ltd has exported tissues through M/s CTG while M/s Sinoma Jinjing Fiber Glass Co., Ltd. has exported tissues through Sinoma import and export company. As these goods are outside the scope of this investigations in this preliminary findings, no provisional dumping margin is determined for these goods.

**Shandong Taishan – PDO Glass Fibre Products Co. Ltd, Taishan Fibreglass Inc. (CTG), Taishan Fibreglass Zoucheng Co Limited, and PPG Sinoma Jinjing Fibre Glass Company Ltd.**

37. It is noted that Shandong Taishan – PDO Glass Fibre Products Co. Ltd have exported Chopped Strand (CS) produced by itself as also through Taishan Fibreglass Inc. Taishan Fibreglass Inc. is also producer of product concern. Taishan Fibreglass Inc. have exported Direct Roving (DR), Assembled Roving(AR) and Chopped Strand Mats (CSM) to India produced by itself and Chopped Strands produced by Shandong Taishan – PDO Glass Fibre Products Co. Ltd. Taishan Fibreglass Zoucheng Co Limited have also exported Direct Roving and Assembled Roving through Taishan Fibreglass.

38. These companies have furnished transactions relating to exports to India in Appendix 2. Adjustments have been claimed on account of ocean freight, marine insurance, credit cost etc. Adjustments claimed have been allowed for the purpose of provisional determination pending further investigation and verification.

**Changzhou New Changhai Fibreglass Co Ltd (NCH).**

39. The company have exported Assembled Rovings and Chopped Strands Mats to India. The company have furnished information relating to its exports in Appendix 2. Adjustments have been claimed on account of ocean freight, marine insurance, credit cost etc. Adjustments claimed have been allowed for the purpose of provisional determination pending further investigation and verification.

**Jushi Group Chengdu Co Limited, Jushi Group Jiujiang Co Limited, Jushi Group Co Ltd. (Jushi Tongxiang)**

40. Jushi Group Chengdu Co Limited have exported Direct Roving and Assembled Roving, Jushi Group Jiujiang Co Limited have exported Direct Roving and Chopped Strands and Jushi Group Co Ltd. (Jushi Tongxiang) have exported Direct Roving, Assembled Roving, Chopped Strand and Chopped Strand Mats to India.

41. These companies have furnished transactions relating to exports to India in Appendix 2. Adjustments have been claimed on account of ocean freight, marine insurance, credit cost etc . Adjustments claimed have been allowed for the purpose of provisional determination pending further investigation and verification.

#### **Chongqing Polycomp International Corporation (CPIC)**

42. The companies have exported Direct Roving, Assembled Roving, Chopped Strand and Chopped Strand Mats to India. The companies have furnished information relating to its exports in Appendix 2. Adjustments have been claimed on account of ocean Freight, Marine insurance, credit cost etc. Adjustments claimed have been allowed for the purpose of provisional determination pending further investigation and verification.

#### **CNBM International Cooperation :**

43. M/s CNBM International Cooperation is a limited liability company and they have submitted the response to the exporters' questionnaire. From the response, it is noted that the subject company is a trading concerned and all their supplier or producers are unrelated. In fact in their response they have not identified any producer whose goods they have exported to India during the period of investigation. A letter has accordingly been sent to the exporter asking him to rectify the deficiencies. Further, the exporter has been conveyed that being a trading company the authority could not grant a separate dumping margin for the exporter without having a linked producer. Accordingly, no separate dumping margin has been determined for the concerned exporter.

#### **Export Price for non cooperating exporters**

44. In case of non cooperating exporters from China PR, export price is determined considering lowest export price among the all types of product concern. Adjustment have been made on account of ocean Freight, Marine insurance, credit cost etc.

#### **Determination of Dumping margins for cooperating producers and exporters**

45. The Authority has worked out separate dumping margin for each grade before determining the dumping margin for the product as a whole for every cooperating producer and exporter. The dumping margins and dumping margin in percentages are mentioned in the table below for product as a whole.

#### **Dumping margin for related producers and Exporters**

46. It is noted that in the subject investigations many cooperating producers and exporters are related to each other and form a group of related companies. It has been a consistent practice of the Authority to consider related exporting producers or exporting producers belonging to the same group as one single entity for the determination of a dumping margin and thus to establish one single dumping margin for them. This is in particular because calculating individual dumping margins might encourage circumvention of anti-dumping measures, thus rendering

them ineffective, by enabling related exporting producers to channel their exports to India through the company with the lowest individual dumping margin.

47. In accordance with the above, the relating exporting producers belonging to the same group were regarded as one single entity and attributed one single dumping margin which was calculated on the basis of the weighted average of the dumping margins of the cooperating producers in the respective groups

<b>Producer</b>	<b>Exporter</b>	<b>DM</b>	<b>Group DM</b>	<b>DM%</b>	<b>Group DM %</b>
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	****	****	****	33.06
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc	****	****	****	
M/s Taishan Fiberglass Inc. (CTG or the Company)	M/s Taishan Fiberglass Inc. (CTG or the Company)	****	****	****	
M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG or the Company)	****	****	****	
M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	****	****	****	
M/s Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”). ( Producer and exporter of subject goods )	M/s Changzhou New Changhai Fiberglass Co. Ltd. (“NCH”). ( Producer and exporter of subject goods )	****	****	****	(0.86)
M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	****	****	****	21.93
M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	****	****	****	
M/s Jushi Group Co Ltd (‘Jushi, Tongxiang’	M/s Jushi Group Co Ltd (‘Jushi, Tongxiang’	****	****	****	
M/s Chongqing Polycomp International Corporation (CPIC or the Company)	M/s Chongqing Polycomp International Corporation (CPIC or the Company)	****	****	****	44.38
Others	Others	****	****	****	69.85

## E. INJURY

### E.1. Submissions by the domestic industry

48. The domestic industry has argued that:

- (i) Volume of dumped imports from China PR has increased very significantly in absolute terms over the injury period.

- (ii) Imports have increased significantly in relation to total imports, production and consumption in India.
- (iii) Weighted average import prices (after including basic customs duties) have been significantly below the net sales realization of the domestic industry, thus resulting in significant price undercutting.
- (iv) The dumped CIF export price triggered a substantial reduction in the landed price of imports. This had direct adverse impact on the domestic industry. Reduction in the landed price of imports prevented the Indian Producers from effecting legitimate price increases.
- (v) With the increase in imports, the performance of the domestic industry deteriorated in terms of capacity utilization, inventories, market share, profits, return on investments, etc.
- (vi) The demand of the product in the country shows a positive trend whereas sales of the domestic industry at the same time show a negative trend.
- (vii) As a result of increase in imports in absolute term and relative to production and consumption, share of the domestic industry has declined.
- (viii) The export quantities of domestic industry shows continuous decrease indicating significant market share of dumped Chinese goods in the world markets.
- (ix) The performance of the domestic industry for product as consideration has deteriorated over the injury period.
- (i) ROI (NFA Basis) of the domestic industry has significantly deteriorated over the injury period. This clearly shows the price depression and suppression effect of dumped imports from China PR that has resulted in significant losses to the domestic industry.
- (ii) There has been a considerable increase in the level of inventories.
- (iii) The dumping margin from subject country is not only more than de minimis but also very substantial. The impact of dumping on the domestic industry is significant and is gradually intensifying.

## **E.2. Response from other interested parties**

49. The following issues have been raised by the interested parties

- a) There is absence of volume injury as various volume parameters like production, sales show healthy growth.
- b) There is no price injury as Domestic Industry is operating different market segment.
- c) Domestic Industry has claimed that import prices from China PR are lower than the import prices from USA or other countries. It cannot be treated as dumped goods merely because the Chinese prices are below that of USA.

## **E.3. Examination by the Authority**

50. The Authority has taken note of submissions made by the interested parties. Annexure II of AD Rules provides for objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in domestic market for the like articles; and (b) the consequent impact on domestic producers of such products. While examining the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports either in absolute term or relative to production or consumption in India. With regard to price effect of dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to price of the like product in India, or whether the effect of such imports is otherwise to depress

the prices to a significant degree, or prevent price increase which would have otherwise occurred to a significant degree.

51. As regards the impact of dumped imports on the domestic industry, Para (iv) of Annexure-II of AD Rules states as under:

*“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural and potential decline in sales, profits, output market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”*

52. The Authority has examined the injury parameters objectively taking into account the facts and arguments of the interested parties.

**Import, Demand, Volumes and Market share:-**

53. Demand of the product in the Country has been assessed as the sum of domestic sales of the domestic producers and imports from all sources.

**General remarks about Import and Basis of determination of import volumes**

54. A request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of the subject goods made in India during the past three years and the period of investigation. The information received from DGCI&S was analyzed and the same was compared with the information received from the IBIS (secondary sources). It was found that the volume of imports reported in DGCI&S is significantly higher than the volume of imports reported by the petitioners on the basis of IBIS data. After detailed examination, it was considered appropriate to take into account the information from DGCI&S for the purpose of the present findings.

55. It is noted that imports of the subject goods from subject country has increased significantly in absolute terms during the injury period. Further, the market share of subject country has increased significantly during the same period as shown in the table.

		2005-06	2006-07	2007-08	POI
Imports from China	MT	5,800	12,425	16,984	38,747
Trend		100	214	293	668
Other Countries	MT	10,423	12,454	6,631	3,663
Trend		100	119	64	35
Total Imports	MT	16,223	24,879	23,615	42,409
Trend		100	153	146	261

The Authority notes that imports of the subject goods from China have shown a significant increase over the injury period. Further, imports have increased significantly in absolute terms in

every successful year. Imports from other countries have, at the same time, significantly declined.

### **Demand**

56. Demand for the product under consideration increased throughout the injury period and has grown by 62% during the injury period. Further, imports of the subject goods from subject country have increased in absolute terms during the same period. It is also noted that increase in dumped imports was more than the increase in demand.

		2005-06	2006-07	2007-08	POI Annualized
Sales (domestic) of Domestic industry	MT	31,205	34,384	41,741	48,269
Trend	Index	100	110	134	155
Export sales	MT	27856	20565	26081	16624
Trend	Index	100	73	93	59
Imports in India	MT	16223	24879	23615	28273
Trend	Index	100	153	146	174
Demand in India	MT	47,428	59,263	65,356	76,542
Trend	Index	100	125	138	162

It is noted that the demand for the product has successively increased over the injury period. Though sales of the domestic industry have also increased during the same period, increase in sales of the domestic industry is less than increase in demand in the period of investigation.

### **Imports in relation to various parameters**

57. The Authority has analysed the trend of subject imports in relation to production and consumption in India. It is noted that imports of the subject goods increased in relation to production of the like product in India during the injury period. Further this has also increased in relation to consumption as well as sales of the domestic industry in India.

		2005-06	2006-07	2007-08	POI Annualized
Imports from China PR	MT	5,800	12,425	16,984	25,831
Trend	Index	100	214	293	445
Demand in India	MT	47,428	59,263	65,356	76,542
Trend	Index	100	125	138	161
Production in India	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Imports as % of total imports	%	35.75%	49.94%	71.92%	91.36%
Trend	Index	100	140	201	256
Imports as % of demand	%	12.23%	20.97%	25.99%	33.75%
Trend	Index	100	171	213	276
Imports as % of Indian Production	%	10.41%	21.51%	24.90%	39.09%

Trend	Index	100	207	239	375
Imports as % of domestic industry sales		19%	36%	41%	54%
Trend	Index	100	194	219	288

### **Market share of domestic industry**

58. The Authority has determined the market share of the domestic industry by taking into account the total demand of the subject goods and sales of the domestic industry. It is noted from the table below that the market share of the domestic industry declined by 6% during the injury period while at the same time market share of subject goods from China PR has increased by 22% during the same period. The decline in market share of the domestic industry is considered significant.

		2005-06	2006-07	2007-08	POI
Sales of Domestic industry	%	66%	58%	64%	63%
Trend	Index	100	88	97	96
China	%	12%	21%	26%	34%
Trend	Index	100	171	212	276
Other Countries	%	22%	21%	10%	3%
Trend	Index	100	95	45	14

### **Price effect of imports**

59. With regard to the effect of the dumped imports on prices, it has been examined whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. A comparison for product concerned was made between the landed value of exported product and the average selling price of the domestic industry for domestic market net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex factory level. This comparison showed that during the period of investigation, the subject goods originating in China were sold in the Indian market at prices which were lower than the domestic industry's prices. It is thus seen that imports were undercutting the domestic prices and margin of undercutting is considered significant.

		2005-06	2006-07	2007-08	POI
Landed Price	Rs/Kg	49.59	48.59	46.97	51.69
Trend	Index	100	98	95	104
Selling Price of Domestic Industry	Rs/Kg	****	****	****	****
Trend	Index	100	112	112	100
Price undercutting	Rs/Kg	****	****	****	****
Price Undercutting %	Index	15-25	25-35	25-35	15-25

60. The Authority has also examined price depression, price suppression and price underselling if any, suffered by the domestic industry on account of dumped imports from subject country. After examination, it is determined that that the domestic Industry is forced to decrease the selling price more than the decrease in the cost of production over the injury period. The price depression is considered significant especially since 2006-07 onwards. It is also noted that the domestic industry has suffered significant price underselling during the investigation period.

		2005-06	2006-07	2007-08	POI
Net Selling Price of Domestic Industry	Rs/Kg	****	****	****	****
Trend	Index	100	112	112	100
Cost of Sales –Domestic	Rs/Kg	****	****	****	****
Trend	Index	100	118	116	105
Non Injurious Price Rs/Kg					****
Landed Price	Rs/Kg				51.69
Price underselling					****
Price underselling (%)					15-25

61. It is thus provisionally determined that whereas the costs increased by 5% in POI, the domestic industry could not increase its selling prices. It is thus noted that the dumped imports from subject country are causing price suppression. It is thus preliminarily concluded that the effect of dumped imports on the domestic industry has been adverse and significant.

### **Economic parameters of the domestic industry**

62. Annexure II to the AD Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of like product. The Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. An examination of performance of the domestic industry reveals that the domestic industry has suffered material injury. The various injury parameters relating to the domestic industry are discussed below.

#### **(i) Production**

63. The production is shown in the table below.

		2005-06	2006-07	2007-08	POI (Annualized)

Production	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Demand	MT	47,257	58,905	65,356	79,532
Trend	Index	100	125	138	168
Capacity Utilization	%	94%	97%	98%	90%
Trend	Index	100	104	105	95

It is noted that the production has increased by 19% in POI. Further it is noted that the demand for the product has increased by 62% and the Domestic Industry had unutilized capacity in POI. Thus, Authority provisionally determines that there was a further scope for increase in production of subject goods by domestic industry during the POI.

### (ii) Capacity & capacity utilization

64. The trend of capacity & capacity utilization of the domestic industry is mentioned in the table below:

		2005-06	2006-07	2007-08	POI (Annualized)
Production	MT	55,707	57,766	68,202	66,078
Trend	Index	100	104	122	119
Demand	MT	47,257	59,263	65,356	76,542
Trend	Index	100	125	138	162
Installed capacities	MT	59,300	59,300	69,300	73,667
Trend	Index	100	100	117	124
Capacity Utilization	%	94%	97%	98%	90%
Trend	Index	100	104	105	95

It is noted that the capacity utilization of the Domestic Industry has declined over the injury period, except in 2006-07 and 2007-08 when it was higher.

### (iii) Domestic sales

65. The domestic sales of Domestic Industry moved as shown in table below

		2005-06	2006-07	2007-08	POI (Annualized)
Domestic Sales	MT	31,205	34,384	41,741	48,269
Trend	Index	100	110	134	155
Export sales	MT	27856	20565	26081	16624
Trend	Index	100	73	93	59
Demand	MT	47,257	59,263	65,356	76,542
Trend	Index	100	125	138	162
Sales as a % of demand	%	66.03%	58.37%	63.87%	60.69%
Changes in					

• Domestic sales	MT		3,179	7,357	6,528
• Demand	MT		11,648	6,451	14,176

It is noted that the domestic sales has increased over the injury period. Further it is noted that the demand for the product has also increased over the injury period. It is also noted that the domestic industry has significant exports sales which has declined during the injury period.

The domestic industry has argued that they have lost significant sales due to presence of dumped imports into the country.

#### (iv) Profitability

66. The profitability of the domestic industry in respect of domestic like product has been examined only in respect of domestic sales. It is seen that profitability of the domestic industry for the subject goods has significantly deteriorated in the POI

		2005-06	2006-07	2007-08	POI (Annualized)
Cost of Sales	Rs/Kg	****	****	****	****
Trend	Index	100	118	116	105
Net Sales Realization	Rs/Kg	****	****	****	****
Trend	Index	100	112	112	100
Profit/loss	Rs/Kg	****	****	****	****
Trend	Index	100	46	59	41
Profit/loss	Rs in lacs	****	****	****	****
Trend	Index	100	50	79	64

#### (v) Employment and Wages

67. Employment with the domestic industry and wages paid were as follows:-

		2005-06	2006-07	2007-08	POI (Annualized)
Employment	Nos	****	****	****	****
Trend	Index	100	101	104	104
Wages	Rs. Lacs	****	****	****	****
Trend	Index	100	104	117	102
Wage per employee	Rs.	****	****	****	****
Trend	Index	100.00	116.29	126.63	110.48

It is seen that the production has increased over the injury period and so the employment and wages have increased over the injury period. This parameter does not indicate any injury or otherwise to the domestic industry.

**vi) Productivity**

68. Productivity of the domestic industry was as follows

		2005-06	2006-07	2007-08	POI (Annualized)
Productivity per Employee	No/MT	<b>56</b>	<b>58</b>	<b>66</b>	<b>64</b>
Trend	Index	100	104	118	114
Per day (considering 350 days production)	MT/Day	159	165	195	189
Trend	Index	100	104	122	119

It is seen that the productivity has increased over injury period. The production has increased over the injury period and so the productivity shows a similar trend.

**(vii) Return on investments and cash flow**

69. The return on investment has been determined considering profit before interest and capital employed for the product. Impact on cash flow has been determined considering profit before depreciation but after interest cost. It is noted that return on capital employed have significantly deteriorated in POI.

		2005-06	2006-07	2007-08	POI (Annualized)
Profit/loss	Rs./Lacs	****	****	****	****
Trend	Index	100	50	79	64
Depreciation	Rs./Lacs	****	****	****	****
Trend	Index	100	117	111	137
Cash Profit	Rs./Lacs	****	****	****	****
Trend	Index	100	90	98	108
Return on capital employed - NFA Basis	%	****	****	****	****
Trend	Index	100	39	52	51
Capacity installed	MT	****	****	****	****
Trend	Index	100	100	117	124

The cash profits have seen an increase. It is noted that the while profit has significantly declined, the depreciation has increased. The capacity installed has also increased. It is noted that due to asset additions on account of increase in capacity by 24%, the depreciation has increased by \*\*\*\*% and the cash profits have increased by \*\*\*\*%.

### (viii) Inventories

70. It is noted that there is significant increase in the level of inventories in the POI.

		2005-06	2006-07	2007-08	POI (Annualized)
Average Inventory	MT	3,606	5,175	5,043	8,279
Trend	Index	100	143	140	230
Average Inventory as days sales	MT	40	53	42	60
Trend	Index	100	130	105	148
Domestic sales	MT	31,205	34,384	41,741	48,269
Trend	Index	100	110	134	155

Inventories equal to number of days sales have increased during the injury period.

### (ix) Growth

71. Information with respect to growth in various parameters is given in the table below. It is seen that growth in terms of volume is positive & price parameters is negative.

		2005-06	2006-07	2007-08	POI
Production	%		4%	18%	-3%
Domestic sales	%		10%	21%	16%
Inventories	%		43%	-3%	64%
Cost of sales per kg	%		18%	-1%	-10%
Selling price per kg	%		11%	0%	-12%
ROI	%		-61%	32%	-1%

Growth of the domestic industry with regard to volume parameter as reflected in production & capacity utilization became negative in period of investigation whereas the same continued to be positive in respect of domestic sales. Inventories have surged over the period. With regard to price parameters, whereas cost of sales and selling price have shown a decline trend, the growth in profits, return on investment and cash profits is negative on year on year basis.

### (ix) Ability to raise capital investments

72. It is noted that the domestic industry has enhanced capacities in 2007-08 and thereafter in period of investigation, for which fresh investments have been made. It is, however, noted that the enhancement of capacity has to be seen along with significant increase in demand of the product in the country and the fact that domestic industry has been profitable in the past with regard to production and sale of the product in the Country.

73. The Petitioner has argued that given the current state of affairs where the product is consistently not performing well because of persistent dumping, substantial fresh investments cannot even be imagined. It is provisionally held that continued dumping of the product and

decline in financial performance are bound to adversely impact the ability of the domestic industry to raise capital investments.

**(x) Level of dumping and dumping margin**

74. The dumping margin established hereinabove in respect of responding exporters and non cooperative exporters are considered significant and above the de minimis level.

**F. CAUSAL LINK**

75. The Authority has examined whether other factors listed under the AD Rules could have contributed to injury to the domestic industry. It was found as follows

**(i) Imports from third countries.**

76. The Authority has collected the transaction-wise imports data of the subject goods from DGCI&S. Imports beyond de-minimus limits had been reported only from USA. Since there are significant imports from USA, the import price from USA has been examined in detail and compared with import price from China. It is found that import prices from USA were consistently higher than import prices from China. The extent of the difference has been quite significant.

**(ii) Contraction in demand**

77. The Authority notes that the demand for the subject goods has shown significant improvement during the injury period. Possible contraction in demand could not have caused injury to the domestic industry.

**(iii) Changes in the pattern of consumption**

78. The pattern of consumption with regard to the product under consideration has not undergone any change, nor there is any quantified allegation in this regard. The investigation so far has not shown existence of alternate competing products and possible injury being caused by such alternate products.

**(iv) Trade Restrictive practices of and competition between foreign and domestic producers**

79. The Authority notes that there is a single market for the subject goods where dumped imports from China PR compete directly with the subject goods supplied by the domestic industry. It is noted that the imported subject goods and domestically produced goods are like articles and are used for similar applications/end uses. There is no evidence of trade restrictive practices of and competition between the foreign producers and domestic producers causing injury to the domestic industry.

**(v) Developments in Technology**

80. There is no allegation of developments in technology, nor the investigation so far has shown that possible injury to the domestic industry could have been caused by developments in technology.

**(vi) Export performance**

81. The petitioner has significant exports. However, the Authority has considered only domestic operations and domestic profitability.

**(vii) Productivity of the Domestic Industry**

82. There is no material change in productivity of the domestic industry. Possible decline in productivity cannot be the reason for the established injury to the domestic industry.

**Effect of dumped imports**

83. The Authority notes that the following parameters show that material injury to the domestic industry is due to dumped imports.

(a) The dumped imports from subject country have significantly increased over the injury period. Resultantly, the market share of the domestic industry declined. It is thus provisionally held that decline in market share of the domestic industry is directly due to increase in volume of dumped imports and its market share.

(b) Dumped imports from subject country is depressing the prices of the domestic industry. As, the domestic industry has tried to align its selling prices close to the landed prices, there has been a decline in prices more than decrease in cost of production. It is thus provisionally noted that price depression being felt by the domestic industry is due to lower prices of dumped imports from China PR and this depression has increased from 2006-07 when the volume of imports have also increased significantly.

(c) Thus, it is noted that the domestic industry is forced to decrease prices in due to presence of dumped imports in the market resulted in decline in profits and return on investment. Thus, deterioration in profits and return on investment is provisionally attributed to presence of dumped imports from subject country.

84. The Authority has determined non-injurious price for the domestic industry taking into consideration cost of production of the domestic industry. This non-injurious price of the domestic industry has been compared with the landed values of the subject imports to determine injury margin. In line with the determination of dumping margins, the injury margin has also been determined for the related companies together taking them as one entity. The injury margins have been worked out as follows:

**Table showing Injury Margin**

Producer	Exporter	IM	Group IM	IM%	Group IM %
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	****	****	****	22.18
M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc	****	****	****	
M/s Taishan Fiberglass Inc. (CTG or the Company)	M/s Taishan Fiberglass Inc. (CTG or the Company)	****	****	****	
M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG or the Company)	****	****	****	
M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	****	****	****	
M/s Changzhou New Changhai Fiberglass Co. Ltd. ("NCH"). ( Producer and exporter of subject goods )	M/s Changzhou New Changhai Fiberglass Co. Ltd. ("NCH"). ( Producer and exporter of subject goods )	****	****	****	(1.15)
M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	****	****	****	14.59
M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	****	****	****	
M/s Jushi Group Co Ltd ('Jushi, Tongxiang'	M/s Jushi Group Co Ltd ('Jushi, Tongxiang'	****	****	****	
M/s Chongqing Polycomp International Corporation (CPIC or the Company)	M/s Chongqing Polycomp International Corporation (CPIC or the Company)	****	****	****	11.26
Others	Others	****	****	****	35.71

The level of dumping margins and injury margins as provisionally determined are considered significant.

**G Conclusion on Injury and causation**

85. There has been a significant increase in the volume of dumped imports from China PR at the absolute level and also in relation to demand of subject goods in India. It is noted that the market share of the dumped imports has increased and that of domestic industry has declined. The dumping margin from subject country has been provisionally determined and is considered significant. Capacity utilization of the domestic industry has declined and inventories with the domestic industry have increased. Thus, the dumped imports from subject country show adverse volume effect.

86. It is also noted that the dumped imports were undercutting the prices of the domestic industry in the market. It is also provisionally determined that the dumped imports have had significant adverse price effect in terms of price depression which in turn have led to significant deterioration in profits and return on investments. Therefore, the Authority provisionally

concludes that the domestic industry has suffered material injury and such injury has been caused significantly by price and volume effects of dumped imports from the subject country. .

87. The Authority therefore, provisionally holds that material injury to the domestic industry has been caused by the dumped imports of subject goods from the subject country.

#### **H. Conclusions:**

88. After examining the submissions made by the interested parties and issues raised therein; and considering the facts available on record, the Authority provisionally concludes that:

- (a) The product under consideration has been exported to India from the subject country below Normal values.
- (b) The domestic industry has suffered material injury on account of subject imports from subject country.
- (c) The material injury has been caused by the dumped imports of subject goods from the subject country.

#### **I. Indian industry's interest & other issues:**

89. 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 product to the consumers.

90. It is recognized that the imposition of anti-dumping duties might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of these product. However, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

#### **J. Recommendations**

91. The Authority notes that the investigation was initiated and it was notified to all interested parties. Adequate opportunity was given to the exporters, importers and other interested parties to provide information on the aspects of dumping, injury and causal link. Having initiated and conducted a preliminary investigation into dumping, injury and the causal link thereof in terms of the AD Rules and having provisionally established positive dumping margins 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. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. It is noted that there is a significant differentiation of the product in terms of prices. Therefore, antidumping duty in terms of reference price or fixed duty would not be appropriate

in this case. Therefore, Authority recommends imposition of anti-dumping measure as an ad valorem duty, to be worked out as a percentage of the CIF value of imports of the subject goods from the subject country. Accordingly, antidumping duty equal to the amount arrived at by applying the percentage indicated in Col 9 of the duty as below is recommended to be imposed on all imports of subject goods originating in or exported from China PR from the date of the notification to be issued by the Central Government.

Duty table

Sl. No	Heading / Sub heading	Description of goods	Specification	Country of Origin	Country of Exports	Producer	Exporter	% of CIF Value
	2							
1	2	3	4	5	6	7	8	9
1	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	23.93
2	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Shandong Taishan-PDO Glass Fiber Products Co., Ltd.	Taishan Fiberglass Inc.	
3	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Taishan Fiberglass Inc. (CTG)	M/s Taishan Fiberglass Inc. (CTG)	
4	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Taishan Fiberglass Zoucheng Co., Ltd.	M/s Taishan Fiberglass Inc. (CTG)	
5	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	M/s PPG Sinoma Jinjing Fiber Glass Company, Ltd	
6	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Changzhou New Changhai Fiberglass Co. Ltd. ("NCH")	M/s Changzhou New Changhai Fiberglass Co. Ltd. ("NCH")	nil

	Heading /							
7	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Chengdu Co Ltd	M/s Jushi Group Chengdu Co Ltd	16.34
8	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Jiujiang Co. Ltd	M/s Jushi Group Jiujiang Co. Ltd	
9	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	M/s Jushi Group Co Ltd ('Jushi, Tongxiang')	
10	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	M/s Chongqing Polycomp International Corporation (CPIC)	M/s Chongqing Polycomp International Corporation (CPIC)	12.74
11	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	China PR	Others	Others	40.86
12	7019	Glass Fibre as described below (*)	Glass Fibre as described below	China PR	Any country other than China PR	Any	Any	40.86
13	7019	Glass Fibre as described below (*)	Glass Fibre as described below	Any country other than China PR	China PR	Any	Any	40.86

(\*) Glass fibre and articles thereof, including glass roving, glass chopped strands, glass chopped strands mats. Specifically excluded from the scope of the product under consideration are glass wool, glass yarn, glass woven fabrics and chopped strands of a kind generally treated with polyurethane or acrylic emulsion meant for thermoplastic applications, micro glass fibre used in battery separator, surface mat/surface veil/tissue.

## **L. Further Procedure**

92. 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 findings;
- (b) Exporters, importers, the applicant 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 these Preliminary findings. 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 hold a hearing to hear the views of various interested parties orally;
- (d) The Authority would conduct further verification to the extent deemed necessary;
- (e) The Authority would disclose essential facts as per the AD Rules before announcing final findings.

(P.K Chaudhery)  
Designated Authority