

Government of India
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)
NOTIFICATION

NEW DELHI, the 23rd February, 2007

Preliminary Findings

Sub: Anti-Dumping Investigation involving import of Peroxosulphates (also known as Pesulphates) from China PR and Japan.

F.NO. 14/1/2006-DGAD:- Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, (hereinafter referred to as the Rules) thereof:

1. WHEREAS M/s Gujarat Persalts Pvt. Ltd. Ahmedabad, M/s Calibre Chemicals Pvt. Ltd. Mumbai, and M/s Yoyo Chemicals Ahmedabad, (herein after referred to as the applicants) have jointly filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Act, and the Rules, alleging dumping of Peroxosulphates also known as Persulphates (herein after also referred to as subject goods), originating in or exported from the China PR, and Japan (herein after also referred to as subject countries) and requested for initiation of an investigations for levy of anti dumping duties on the subject goods.

2. AND WHEREAS, the Authority on the basis of sufficient evidence submitted by the applicants on behalf of the domestic industry, issued a public notice dated 28th July 2006 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods, originating in or exported from the subject countries, in accordance with the sub-Rule 5(5) of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which, if levied would be adequate to remove the injury to the domestic industry.

A. Procedure

3. Procedure described below has been followed with regard to this investigation after issuance of the public notice notifying the initiation of the above investigation by the Authority.

(i) The Designated Authority sent copies of initiation notifications dated 28th July 2006 to the embassies of the subject countries in India, known exporters from the subject countries, known importers and other

interested parties, and the domestic industry, as per the information available with it. Parties to this investigation were requested to file questionnaire responses and make their views known in writing within prescribed time limit.

- (ii) Copy of the non-confidential version of the petition filed by the domestic industry was made available to the known exporters and the Embassies of the subject countries in accordance with Rules 6(3) supra.
- (iii) The Embassies of the subject countries in New Delhi were informed about the initiation of the investigations in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries/territories to respond to the questionnaire within the prescribed time. Copies of the letter, petition and questionnaire sent to the exporter were also sent to the Embassies of subject countries along with a list of known exporters/ producers.
- (iv) The Authority sent questionnaire, to elicit relevant information, to the known exporters from subject countries in accordance with the rule 6(4). However, no questionnaire response has been received from any exporters of the subject goods from the subject countries.
- (v) Questionnaires were sent to the known importers and Consumers of subject goods in India calling for necessary information in accordance with Rule 6(4). However, no questionnaire response has been received from any importer of the subject goods from the subject countries.
- (vi) 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, including the period of investigations;
- (vii) 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;
- (viii) Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) was worked out provisionally so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- (ix) In view of the Non-Market Economy presumptions in respect of People's Republic of India, in terms of Paragraph 7 of the Annex 1 of the Rules, the Authority notified the interested parties proposed

selection of United States of America as the appropriate third country vide letter dated 21st December 2006 inviting comments of the interested parties. However, no comment has been received from any interested party in this respect.

- (x) The confidentiality claims of various interested parties in respect of the data submitted by them have been examined. The information, which is by nature confidential or which has been provided on a confidential basis by the interested parties, alongwith non-confidential summary thereof, has been treated confidential *** in this finding represents information furnished by the domestic industry on confidential basis and so considered by the Authority under the Rules.
- (xi) Investigation was carried out for the period starting from 1.1.2005 to 31.12.2005 (POI).

C. Product under Consideration and Like Article

4. The product under consideration in this investigation is Peroxosulphates (also known as Persulphates). Three types of persulphates have been included in the present investigation, which are:

- I) Ammonium Persulphate (APS), $(\text{NH}_4)_2\text{S}_2\text{O}_8$
- II) Potassium Persulphate (PPS) $(\text{K}_2\text{S}_2\text{O}_8)$; and
- III) Sodium Persulphate (SPS) $(\text{Na}_2\text{S}_2\text{O}_8)$.

5. These Persulphates are a group of closely related compounds produced as Alkali Metal salts. These are the most sensitive and efficient oxidizing agents and releases active oxygen very efficiently and easily. All the three persulphates are manufactured electrochemically and have the same or substitutable end-uses as an initiator and oxidizing agent in the textile and chemical industries. All Persulphates are classified in Chapter 28 of the Customs Tariff Act, 1975 under subheading 2833 40 and under subheading 283340 00 under the Indian Trade Classification (Based on Harmonized Commodity Description and Coding system). However, the above classification is indicative only and is no way binding on the scope of this investigation.

6. Though the chemical compositions of the three types persulphates included in the investigation are different, the applicants have argued that all the three types of persulphates should be included within the scope of the product under consideration as the manufacturing process and end use of the persulphates are same. In this connection the applicants have argued that the US and EU Authorities have given similar treatment to these products investigated in those countries. It appears that the product was investigated and duties imposed in the USA and EU, wherein it was held that the product scope included all three types and one duty imposed on three types, considering the three types as nothing but one product having different types.

No argument has been received from any interested party on the scope of product under consideration or like article. Examination of the product and import data submitted by the applicant indicates that all the three types of persulphates are being imported to India though the prices of the products vary significantly. The application areas of the individual persulphates, as submitted by the applicants, indicate significant overlap of application of the product in pharmaceutical, and other application areas. In view of the similarity in manufacturing process and substitutability in application areas, the Authority provisionally holds that the three types of persulphates are required to be treated as alike and one product for the purpose of defining the 'product under consideration' in this case.

D. Domestic Industry and Standing

7. The application has been filed by M/s Gujarat Persalts Pvt. Ltd. Ahmedabad, M/s Calibre Chemicals Pvt. Ltd. Mumbai and M/s Yoyo Chemicals Ahmedabad, and the applicants collectively account for more than 50% of the domestic production of the subject goods in India. However, it has been noticed that M/s Yoyo Chemicals has imported 20MT of Sodium Sulphate during the POI. Gujarat Persalts Pvt. Ltd has imported 40 MT of Ammonium Persulphates and 21 MT of Sodium Persulphates during the POI. The imports of these two applicants constitutes about 10% of their own production and part of this imports has been used for further production, while a part of it has been sold in the domestic market. The applicants have argued that even if these two producers are not considered as a part of the domestic industry, M/s Calibre Chemicals, having a production of about 1400 MT of production during POI, commands more than 50% of total production of the subject goods in India and therefore, commands the standing to file the application.

8. The Authority notes that Rule 2(b) does not prohibit inclusion of the domestic producers, who had imported the subject goods, to be considered as a part of the domestic industry. In the instant case two of the applicant domestic producers have imported substantial quantities, but the quantity imported is about 10% of their own production during the period of investigation. In view of the fact that injury evaluation of the domestic industry should take into account as much data of the domestic producers as possible, the Authority is of the view that these producers are to be considered as a part of the domestic industry for injury determination. Accordingly, the Authority provisionally holds that the applicants constitute the domestic industry and command the standing for filing the application for the purpose of this investigation, within the meaning of the Rules.

E. De Minimis Limits

9. As per the import data received by the Authority from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and other secondary sources, the imports of the subject goods from the subject countries are above the de minimis level.

F. Other submissions and issues raised

10. The Authority notes that none of the producers of the subject goods in China or Japan and consumers, or importers in India has responded to the Designated Authority, nor has any party provided any information relevant to the present investigations.

G. Determination of Dumping Margin

11. The Authority notes that Rule 6.8 of the antidumping Rules provide that in a case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the designated authority may record its findings on the basis of the facts available to it.

12. Article 6.8 of the Agreement, read with paragraph 1 of Annex II, provides that as soon as possible after the initiation of the investigation, the investigating authorities should specify in detail the information required from any interested party, and the manner in which that information should be structured by the interested party in its response. The authorities should also ensure that the party is aware that if information is not supplied within a reasonable time, the authorities will be free to make determinations on the basis of the facts available, including those contained in the application for the initiation of the investigation by the domestic industry.

13. The Authority notes that the exporters in the subject countries and the respective Governments have been adequately notified about the requirement of submission of information in the form and manner prescribed and adequate opportunity was also granted to the parties to make their submissions in this regard. Therefore, in the absence of cooperation from the subject countries, the authority has determined the dumping margins in respect of the subject countries on the basis of facts available.

a) China PR

Normal Value

14. The Authority notes that none of the exporters/producers from China PR has provided any response or information on the normal value as per the prescribed questionnaire, or rebutted the non-market economy presumption against Chinese exporters. Therefore, 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-I to the Rules.

Petitioners had identified USA as the surrogate country and provided the consent of M/s FMC Chemical Corporation, USA, one of the producers of the product under consideration in USA, to act as the surrogate for determination of the normal value of the subject goods in terms of para 7 of Annexure I of the Rules. It was brought to the notice of the Authority that there are very few producers of the subject goods in the world and M/s FMC Corporation USA is one of the leading producers of the subject goods who has agreed to cooperate in this investigation. Accordingly, the Authority made a request to M/s FMC Chemical Corporation, USA, to provide relevant information before notifying the surrogate country for the above purpose, in terms of the above Rules. M/s FMC Corporation has provided its cost and domestic selling information for determination of the normal value in terms of first proviso of para 7 of the Annexure 1 of the Rules. Accordingly, Authority notified the interested parties about the selection of the surrogate country in terms of the above Rules. However, no response has been received from any interested party on this issue.

15. The surrogate producer in the USA has provided its domestic selling prices and cost of production for all three product types. The domestic industry has also claimed normal value in China based on constructed cost of production of the subject goods and a reasonable profit margin. Certain discrepancies in the information submitted by the surrogate producers have been noticed. The Authority also found a significant difference in the cost and prices of the surrogate producers and the constructed normal value claimed by the domestic industry in all three product types. Therefore, pending further investigation and verification/reconciliation of information provided by the surrogate producer, the Authority has provisionally constructed the normal value in China 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 determined as follows:

Product Type	Constructed Normal Value US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

Export Price

16. The Authority notes that none of the exporters from China has provided any information with regard to the price at which the subject goods have been exported to India. Under the above circumstances, it is not possible to determine export price separately for each exporter. The DGCI&S was requested to provide detailed information with regard to imports of the subject

goods in India, which has been received and analysed. Therefore, export price has been worked out on the basis of weighted average export price of all imports as per information provided by DGCI&S. Separate export price has been determined for Ammonium Persulphate, Sodium Persulphate and Potassium Persulphate. The net ex-factory export price, has been determined after allowing for adjustments towards inland transportation, ocean freight and insurance from the CIF value reported by DGCIS, on facts available basis, in the absence of complete information from any cooperative exporter from that country. Accordingly, net-export price at the ex-factory level has been provisionally determined as follows:

Product Type	Net Export Price US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

Dumping Margin

17. 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 for individual product types and thereafter weighted average dumping margin has been determined for the product under consideration as a whole. Accordingly, the weighted average dumping margin for all exporters from China PR has been provisionally determined as follows:

Product Type	Import Quantity in Kg	Dumping Margin US\$/Kg	DM %
Ammonium Persulphate	*****	*****	
Potassium Persulphate.	*****	*****	
Sodium Persulphate	*****	*****	
Weighted average dumping margin	*****	*****	163%

b) Japan

Normal Value

18. The Authority notes that none of the exporters/producers from Japan has provided any response or information on normal value as per the prescribed questionnaire. Therefore, for the purpose of the preliminary determination the Authority has estimated the normal value based on facts available as per estimates of cost of production, including selling, general & administrative expenses and reasonable profit. Accordingly, the ex-works Normal Value of the subject goods for all exporters from Japan has been provisionally determined as follows:

Product Type	Constructed Normal Value US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

Export Price

19. In the absence of any cooperation from Japan, the Authority has worked out the weighted average export price of all comparable transaction in respect of imports from Japan as reported by DGCIS. The export price so assessed, being the CIF export price, adjustments towards inland transportation, ocean freight and insurance has been applied based on the facts available to arrive at ex-works export price. Accordingly, net-export price at the ex-factory level has been provisionally determined as follows:

Product Type	Net Export Price US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	-
Sodium Persulphate	*****

Dumping Margin

20. The ex-works normal value has been compared with the normal value so determined at the same level of trade to determine the dumping margin which works out as follows:

Product Type	Import Quantity in Kg	Dumping Margin US\$/Kg	DM %
Ammonium Persulphate	*****	*****	
Potassium Persulphate.	-	-	
Sodium Persulphate	*****	*****	
Weighted average dumping margin	*****	*****	177%

G.1 Dumping Margin Summary

21. The dumping margins so determined have been found to be significant and above the de minimis levels. Summary of dumping margins are as follows:

Country	Exporter	Dumping Margin US\$/Kg	DM %
China PR	All Exporters	*****	163%
Japan	All Exporters	*****	177%

H. INJURY DETERMINATION

22. The Authority notes that no argument has been made by any interested party on the injury claims of the domestic industry.

H.1 Cumulative assessment of injury

23. The Annexure II (iii) of the Anti Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that

- I) The imports from individual countries are above de minimis or cumulatively account for more than 7% of imports:
- II) The dumping margin against individual countries are above 2%; and
- III) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles

24. The Authority notes that the dumped imports are entering the Indian market simultaneously from a number of countries, including the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

- i) The margins of dumping of individual products from each of the subject countries are more than the de minimis limit;
- ii) The volume of imports of individual products from each of the subject countries is more than the limits prescribed;
- iii) The domestic product and product supplied by producers in various countries are like articles;
- iv) Imported products and domestically produced subject goods are interchangeable and are being interchangeably used. Transaction wise information on imports from various countries shows that the imports are being made by the traders who have purchased the material for reselling. Goods supplied by the countries involved are entering the Indian markets through the same channels of distributions and directly competing in the same market;
- v) Products supplied from the subject countries are being marketed in India during the same period through comparable sales channels and under similar commercial conditions;

25. Therefore, the Authority provisionally holds that cumulative assessment of injury is appropriate in this case since the exports of individual products from the subject countries are directly competing amongst themselves, as well as with the like goods offered by the domestic industry in the Indian market.

H.2 Examination of Injury and Causal Link:

26. Rule 11 of Antidumping 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 imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

27. The Authority notes that the application for imposition of antidumping duty has been filed by three domestic producers as recorded in paragraph 1 and these producers command about 94% of total production of the subject goods in India. The Authority also notes that there is another producer of the subject goods in India i.e., M/s Electrochem Industries which commands about 6% of total production of the subject goods in India. However, for the purpose of injury determination and determination of non-injurious price for the domestic industry as a whole, this producer was asked to provide its cost and injury information. However, this producer has failed to file any information so far. The Authority notes that since this producer commands a very small proportion of the total production of the subject goods its data would not have any significant impact on the injury and non-injurious price determination. Therefore, the cost and injury information of the applicant domestic producers have been examined for injury determination. 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. have been considered in accordance with Annexure II of the Rules.

28. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under:-

H.2.1 Volume Effects of Dumped Imports: Import volumes and market shares

a) Import Volumes

29. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

30. Volume of imports of the subject goods from the subject countries have been analysed based on the data reported in the DGCI&S data after pruning the data for unrelated products. The import figures are as under:-

Quantity in Kgs

Country	2002-03	2003-04	2004-05	2005-06	POI
China PR	119999	212999	204000	484900	329500
Trend	100	178	170	404	275
Japan	0	54864	36000	72450	72450
Trend	0	100	66	132	132
Total Subject countries	119999	267863	240000	557350	401950
Trend	100	223	200	464	335
Other Countries	79110	53056	104779	78484	91122
Trend	100	67	132	99	115
Total	199109	320919	344779	635834	493072
Trend	100	161	173	319	248

Data Source: DGCI&S

31. The above data indicates that total imports and dumped imports of the subject goods from the subject countries have increased substantially during the injury examination period by about 235%. The share of dumped imports from the subject countries has increased from 60% in the base year to about 82% of the total imports during the POI.

b) Actual and potential effect on production and capacity utilization:

32. The volume of domestic production and effects of dumped imports on the domestic operation of the domestic industry have been examined in terms of total production, capacity utilization and domestic sales of the domestic industry.

Qty in MT

Production, Sales and Market Share	2002-03	2003-04	2004-05	POI
Installed Capacity of DI	*****	*****	*****	*****
Trend	100	139	163	163
Capacity of others	*****	*****	*****	*****
Trend	100	100	100	100
Production (DI)	*****	*****	*****	*****
Trend	100	103	107	121
Capacity Utilization DI (%)	78%	58%	52%	58%

Trend	100	74	66	74
Domestic Sales of DI	*****	*****	*****	*****
Trend	100	110	110	112
Other Producers	*****	*****	*****	*****
Trend	100	119	110	110
Total Demand	*****	*****	*****	*****
Trend	100	117	118	129

33. The data indicates that the domestic industry's capacity has increased by about 63% compared to the base year. However, the production has increased by only 21% resulting in significant decline in capacity utilization. While domestic demand has increased by about 29% compared to the base year, the sale of the domestic industry during the corresponding period increased by only 12% compared to the base year. But compared to the previous years the domestic sales have remained more or less stagnant.

c) Actual and potential effect on market share:

34. Effects of the dumped imports on the domestic sales and market shares have been examined as follows:

Qty in MT

Particulars	2002-03	2003-04	2004-05	POI
Total Import Subject Countries	120.00	267.86	240.00	401.95
Trend	100	223	200	335
Other Countries	79.11	53.06	104.78	91.12
Trend	100	67	132	115
Total Import	199.11	320.92	344.78	493.07
Trend	100	161	173	248
Domestic Sales DI	*****	*****	*****	*****
Trend	100	110	110	112
Other Producers	*****	*****	*****	*****
Total Demand	*****	*****	*****	*****
Trend	100	117	118	129
Share in Demand (Indexed)				
Subject countries	100	191	169	260
Other countries	100	57	112	89
Domestic Industry	100	94	93	87
Other Producers	100	102	93	85

35. While the demand of the subject goods in the domestic market has increased by about 29%, the share of the domestic industry in the total demand has declined by about 11% compared to the base year while the

share of the dumped imports have increased by 12% indicating that the dumped imports have significantly impacted the domestic industry's sales volumes and market shares.

H.2.2 Price effect of dumped imports

36. With regard to the effect of the dumped imports on prices, the Authority is required to consider 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. The Authority finds that the CIF import prices from the subject countries have been as under:-

Country	2002-03	2003-04	2004-05	POI
	CIF Rs/KG	CIF Rs/KG	CIF Rs/KG	CIF Rs/KG
China PR	26.98	27.00	33.95	30.52
Japan		39.19	38.55	38.21
Total Subject countries	26.98	29.50	34.64	31.91
Other Countries	48.17	42.34	66.86	44.31
Total	35.40	31.62	44.43	34.20

37. The above data indicates that the CIF import price of the subject goods from the subject countries have declined compared to the previous year after showing an upward trend in the previous years.

H.2.3 Price undercutting and underselling

38. The Authority determined net sales realization of the domestic industry considering selling price, excluding taxes & duties, rebates, discounts & commissions and freight & transportation. Landed price of imports has been determined considering weighted average CIF import price, with 1% landing charges and applicable basic customs duty.

All Persulphates	2002-03	2003-04	2004-05	POI
Cost of sales	100	105.62	107.55	113.29
Selling Price - Domestic	100	95.932	94.598	93.934
Landed Values				
China PR	100	92.362	116.14	104.41
Japan		100	98.348	97.488
Total subject countries	100	100.91	118.5	109.15
Price Undercutting (%)				
China PR				25-35%
Japan				5-15%
Total Subject Countries				20-30%

NIP				*****
Price Underselling %				
China PR				30-40%
Japan				10-29%
Total Subject Countries				25-35%

39. The above data shows that even when the weighted average cost of production increased by about 13%, the net sales realization of the domestic industry declined by about 6% over the injury period. The landed value of imports from the subject countries also declined in the POI after showing significant increase over the injury period. The price undercutting and underselling by the imports from each of the subject countries have been found to be significant during the POI.

H.2.4 Price suppression and depression

40. To examine the price suppression effect of the dumped imports on the domestic prices the trend of net sale realization of the domestic industry has been compared with the cost of production. The data indicates that whereas cost of production increased during the injury investigation period, the sales realization declined. It therefore, appears that the domestic industry has been forced to suppress its prices, while the costs are rising, in order to retain its falling market share due to dumped imports. This price depression by the domestic industry appears to have caused financial loss to the domestic industry as the industry is unable to realize its rising cost in the domestic market.

41. The above provisional analysis shows that the dumped imports have adverse volume and price effect on the domestic industry in terms of increase in volume of dumped imports both in absolute terms, and by depressing the prices of the domestic market while eroding its market share.

H.3 Examination of other injury factors

42. After examining some of the injury factors i.e. actual and potential decline in sales and market share; actual and potential increase in volume of imports etc. in the previous section, the Authority has examined the other mandatory injury parameters as follows:

a) Capacity, Production, Capacity Utilization and Sales

43. As noted earlier, performance of the domestic industry in terms of capacity, production, capacity utilization and sales has been as under:-

	2002-03	2003-04	2004-05	POI
Installed Capacity of DI	*****	*****	*****	*****

Trend	100	139	163	163
Capacity of other producers	*****	*****	*****	*****
Production of DI	*****	*****	*****	*****
Trend	100	102	107	121
Capacity Utilization (%)	78%	58%	52%	58%
Trend	100	74	66	74
Domestic Sales	*****	*****	*****	*****
Trend	100	109	110	111
Other Producers	*****	*****	*****	*****
Total Demand	*****	*****	*****	*****
Trend	100	117	118	129

44. The Authority notes that the capacity of the domestic industry has increased in the year 2003-04 and 2004-05 keeping in view steady growth in domestic demand for the product. Total production of the domestic industry, including the production meant for exports, has also increased over the injury period by about 21%. However, capacity utilization has declined and remained quite low due disproportionately low increase in the sales volumes though the demand of the product has increased by about 29%.

b) Profits/Loss and Return on investments

45. Profits earned by the domestic industry from the sales of the subject goods in the domestic market were as follows:-

	Unit	2002-03	2003-04	2004-05	POI
Average Domestic Cost of Sales	Rs./Mt	*****	*****	*****	*****
Trend	Indexed	100	106	108	113
Average domestic selling price	Rs./Mt	*****	*****	*****	*****
Trend	Indexed	100	96	95	94
Profit / Loss	Rs./Mt	*****	*****	*****	(*****)
Trend	Indexed	100	42	23	(14)
Investment	Rs./Lacs	380.13	534.59	580.42	744.91
Return on Capital Employed % (NFA Basis)	%	*****	*****	*****	*****
Trend	Indexed	100.00	46.81	37.93	10.57

46. The above data shows that though there is an increase in overall production and sales, the cost of production has increased and the selling prices have declined. Thus, from positive profit margin per unit in the base

year, the domestic industry reported net loss on the domestic sales in the POI. The return on the domestic investments of the domestic industry has declined significantly during the POI as compared to the base year.

c) Employment and Wages

47. Number of employees and wages paid indicates that employment has increased because of the increase in production, which is in line with the capacity addition. The wages have also increased compared to the base year, which does not show any disproportionate increase in wage burden on the domestic industry.

	Unit	2002-03	2003-04	2004-05	POI
Employment (Manpower strength)	Nos.	*****	*****	*****	*****
Trend	Indexed	100	115	116	119
Average wages per person	Rs.	*****	*****	*****	*****
Trend	Indexed	100	120	134	153
Average wages per person per day	Rs.	131	157	175	200
Trend	Indexed	100	120	134	153

d) Inventories

48. Inventory position of the domestic industry shows significant inventory holding by the domestic industry though the average stock has come down because of increase in export activity.

Inventory	Unit	2002-03	2003-04	2004-05	POI
Opening Stock	Mt	*****	*****	*****	*****
Closing Stock	Mt	*****	*****	*****	*****
Average Stock	Mt	*****	*****	*****	*****
Trend	Indexed	100	95	73	57
Average Stock in terms of No. of Days' sales	Nos.	52	45	35	27

g) Cash Flow

49. Cash profits of the domestic industry over the injury period have been as under:-

	Unit	2002-03	2003-04	2004-05	POI
Cash Profit : Indigenous	Rs/Lacs	*****	*****	*****	*****
Trend	Indexed	100.00	58.99	41.83	5.33

Cash Profit : Indigenous	Rs./Mt	*****	*****	*****	*****
Trend	Indexed	100.00	53.74	38.01	4.77
Cash flow of the product under consideration	Rs./Lacs	*****	(*****)	*****	(*****)
Trend	Indexed	100.00	(9.83)	5.73	(122.38)

50. It is seen that the cash profits of the domestic industry has significantly deteriorated over the injury period.

h) Productivity

51. The productivity of the domestic industry has been examined with reference to production per day and per employee as follows:

	Unit	2002-03	2003-04	2004-05	POI
Total Production	Mt	*****	*****	*****	*****
Production Per day	Mt	*****	*****	*****	*****
Trend	Indexed	100	102	107	121
No of Employees	Nos	*****	*****	*****	*****
Productivity per employee	Mt	*****	*****	*****	*****
Trend	Indexed	100	89	92	102

52. The daily productivity of the domestic industry has improved though per employee productivity remains more or less same as base year.

i) Growth

53. Even though growth of the domestic industry in terms of parameters, such as capacity, production, sales, and productivity was positive, the same was negative in terms of market share, profits, cash flow, and return on investments.

j) Ability to raise fresh Investment

54. The Authority notes that the domestic industry has made fresh capital investments for expansion during the investigation period apparently keeping in view significant growth in demand for the product. However, the financial performance of the domestic industry is significantly eroding, which has adverse impact on its ability to raise fresh investments.

Investment	Unit	2002-03	2003-04	2004-05	POI
Capital Investment for expansion	Rs./Lacs	*****	*****	*****	*****

Trend	Indexed	100	86	28	118
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K) Overall assessment

55. The above preliminary analysis of the factors indicate that in spite of the improvement in capacity, production, and sales, improvement in Production volume and sales as well as productivity the domestic industry suffered injury on account of decline in market share, net sales realization, profitability, return on investments and cash profits. Dumped imports from the subject countries were significantly undercutting the prices of the domestic industry, resulting in a situation where selling price was declining, whereas cost of production was increasing. The injury suffered by the domestic industry is material and significant.

K. Causal link

56. Having examined the existence of material injury and volume and price effects of dumped imports on the prices of the domestic industry, in terms of its price undercutting, price underselling and price suppression, and depression effects, the Authority has also examined whether other indicative parameters listed under the Indian Rules and Agreement on Anti Dumping could have contributed to injury to the domestic industry. Therefore, the following parameters have been examined:

- a) **Imports from other Countries:** - DGCIS data shows that the subject goods are being imported from several countries not under investigation. However, the volume of imports from such countries are either insignificant or at prices higher than the import prices from the subject countries and therefore, do not affect the prices in the domestic market;
- b) **Contraction in Demand:-** Demand for the subject goods shows a healthy growth during the entire injury investigation period and therefore, possible contraction in demand cannot be attributed to the injury to the domestic industry.
- c) **Pattern of consumption:-** No significant change in the pattern of consumption has been alleged by any interested party.
- d) **Conditions of competition:-** The goods are freely importable. The applicants are the major producers of the subject goods and account for almost 100% of the domestic production. Therefore, domestic competition could not be attributed to the injury to the domestic industry. No other evidence of conditions of competition or trade restrictive practices has been brought to the knowledge of the Authority.

e) **Developments in technology:-** There is no allegation of significant changes in technology which could have caused injury to the domestic industry.

f) **Export performance of the domestic industry:-**

	Unit	2002-03	2003-04	2004-05	POI
Export Sale	Mt	*****	*****	*****	*****
Trend	Indexed	100	109	108	159

The Authority notes that the export sale of the domestic industry is significant and shows positive growth. However, for the purpose of injury analysis the domestic sales only has been considered and injury, if any, caused due to the export performance of the domestic industry has not been attributed to the dumped imports.

g) **Productivity:** - Productivity of the domestic industry has improved in terms of total output. Therefore, this cannot be attributed to the injury of the domestic industry.

57. The non-attribution analysis, as above, shows that no other known factors, other than the dumped imports, appear to have affected the domestic industry.

K.1 Factors establishing causal link

58. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has materially deteriorated due to dumped imports from subject countries. Therefore, the causal links between dumped imports and the injury to the domestic industry is established on the following grounds:

- a. The dumped import prices from the subject countries have sharply declined during the POI after a significant increase, resulting in significant price undercutting. As a direct consequence, the domestic industry was forced to reduce the prices in spite of significant increase in cost of production.
- b. Reduction in the selling prices by the domestic industry adversely affected the profits, cash flow and return on investments of the company.
- c. Even though the domestic industry responded to decline in import prices, significant positive price undercutting resulted in increase in market share of imports from the subject countries. As a direct consequence, market share of the domestic industry has declined.

d. Even when the cost of production was increasing, the selling prices were declining due to positive price undercutting. The dumped imports have prevented the domestic industry from effecting legitimate price increases.

59. Therefore, the Authority provisionally concludes that the domestic industry suffers material injury and the injury has been caused by the dumped imports from the subject countries.

L. Magnitude of Injury and injury margin

60. 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 countries and the injury margins have been worked out as follows:

Product	Country	Exporter	Injury Margin Rs Per Mt	Injury Margin %
Peroxopersulphates (Persulphates)	China PR	All Exporters	*****	30-40%
Peroxopersulphates (Persulphates)	Japan	All Exporters	*****	10-20%

M. Conclusions

61. After examining the issues raised and submissions made by the interested parties and facts made available before the Authority, as recorded in this finding, the authority provisionally concludes that:

- i) The subject goods have entered the Indian market from the subject countries at prices less than their normal values in the domestic markets of the exporting countries;
- ii) The dumping margins of the subject goods imported from the subject countries are substantial and above de minimis;
- iii) The domestic industry has suffered material injury and the injury has been caused to the domestic industry, both by volume and price effect of dumped imports of the subject goods originating in or exported from the subject countries.

N. Indian industry's interest & other issues

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

O. Recommendations

63. 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 various aspects 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, and having concluded that the domestic industry suffers material injury due to such dumped imports, the Authority is of the opinion that imposition of provisional measure is required to prevent injury being caused to the domestic industry during the investigation.

64. Therefore, Authority considers it necessary and recommends imposition of provisional anti-dumping duty on imports of subject goods, from the subject countries, in the form and manner described hereunder.

65. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of provisional anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, provisional antidumping duty equal to the amount indicated in Col 9 of the duty table annexed herewith 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.

Duty Table

Sl. No	Sub Heading or Tariff Item	Description of Goods	Specification	Country of origin	Country of Export	Producer	Exporter	Duty Amount	Unit of Measure	Currency
1	2	3	4	5	6	7	8	9	10	11
1	283340	Peroxosulphates or Persulph	1. Ammonium Persulphate 2. Potassium Persulphate	China PR	Any	Any	Any	414	MT	US\$

		ates	3. Sodium Persulphate							
2	-Do-	-Do-	-Do-	Any excluding Japan	China PR	Any	Any	414	MT	US\$
3	-Do-	-Do-	-Do-	Japan	Any	Any	Any	203	MT	US\$
4	-Do-	-Do-	-Do-	Any Excluding China	Japan	Any	Any	203	MT	US\$

P. Further Procedures

66. The following procedure would be followed subsequent to notification of 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, petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within 40 days from the date of publication of these findings. Any other interested party may also make known its views within forty (40) 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.

**Christy Fernandez
Designated Authority**