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**F. No. 7/06//2023-DGTR**

**Government of India, Department of Commerce,**

**Ministry of Commerce & Industry**

**(Directorate General of Trade Remedies)**

**4th Floor, Jeevan Tara Building,**

**5 Parliament Street, New Delhi – 110001**

**Dated:30<sup>th</sup> June, 2023**

**INITIATION NOTIFICATION**

**Case no. AD SSR 04/2023**

**Subject: Initiation of sunset review investigation of anti-dumping duty on import of “Meta Phenylene Diamine (MPDA)” originating in or exported from China PR.**

1. F. No. 7/06/2023-DGTR – Having regards to the Customs Tariff Act, 1975, as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping duty on Dumped Articles for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the “Rules” or the “Anti-Dumping Rules”), M/s Aarti Industries Limited (hereinafter referred to “applicant” or “domestic industry”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”), for sunset review investigation of anti-dumping duty imposed on imports of “Meta Phenylene Diamine (MPDA)” (hereinafter referred to as “product under consideration” or “PUC” or “subject goods”), originating in or exported from China PR (hereinafter referred to as the “subject country”).
2. In terms of Section 9A, (5) of the Act, the anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition the Authority is required to review whether the expiry of the duty is likely to lead to continuation or recurrence of dumping and injury. In accordance with the same, the

Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.

**A. Background of the previous investigations**

3. The original anti-dumping investigation concerning imports of the subject goods from the subject country was initiated by the Authority vide Notification No. 14/4/2012-DGAD dated 19<sup>th</sup> June 2012. In the same investigation, final finding was issued vide No. 14/4/2012-DGAD, dated 17<sup>th</sup> December 2013 confirming imposition of definitive anti-dumping duties on imports of the subject goods from the subject country, which was implemented vide Customs Notification No. 11/2014 – Customs (ADD) dated 11<sup>th</sup> March 2014. The said duties were imposed for a period of 5 years following which the first sunset review investigation was initiated by the Authority vide Notification No. 7/2/2018-DGAD, dated 26<sup>th</sup> February 2018. In the same SSR investigation, final finding was issued vide No. 7/2/2018-DGAD, dated 13<sup>th</sup> December 2018 confirming the extension and enhancement of definitive anti-dumping duties on imports of the subject goods from the subject country, implemented vide Customs Notification No. 5/2019-Customs (ADD) dated 24<sup>th</sup> January 2019. The duties so imposed are set to expire on 23<sup>rd</sup> January 2024.

**B. Product Under Consideration (PUC)**

4. The product under consideration in the present investigation is same as defined in the original investigation which is as follows:

*“2. The product under consideration in the present investigation is ‘Meta Phenylene Diamine’ (MPDA). Commercially, it is also called MPD or MPDA. Under normal (room) conditions, it is a colourless or white colour solid, which tends to turn red, purple (dark colour) in air, on storage. Meta Phenylene Diamine has two amino groups attached to a Benzene ring, at Meta position, with respect to each other. It is an isomer of o- Phenylene Diamine (Ortho Phenylene Diamine) and p-Phenylene Diamine (Para Phenylene Diamine). Meta Phenylene Diamine functions as a chemical intermediate. MPDA as a chemical intermediate is used for manufacturing dyes, engineering polymer, aramid fiber and in photography & medical applications.”*

5. Meta Phenylene Diamine is classified under Chapter 29 (Organic Chemicals) of the Customs Tariff Act under head 2921 and sub heading 29215120.
6. The present investigation being a sunset review investigation, product under consideration remains the same as defined in the previously conducted investigation.

**C. Like Article**

7. The applicant has claimed that there is no difference in the product produced by the domestic industry and the one exported from the subject country. The product produced by the domestic industry and imported from the subject country 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 Authority in the previous investigation held that the products being manufactured by the domestic industry is like article to the product being imported into India from the subject country. The present application is for review of the extension of original duty and since the product under consideration for the present and original investigation is same, it is *prima facie* considered that the subject good produced by the domestic industry and the subject good imported from the subject country are "like article".

**D. Domestic Industry and standing**

8. The application has been filed by M/s Aarti Industries Limited. There is one more producer, namely, M/s Anupam Rasayan, which started manufacturing the subject goods in India since 2019-20. M/s Anupam Rasayan has supported the application and has provided information on capacity, production, sales volume and value.
9. The production by the applicant constitutes "a major proportion" of total Indian production. The applicant has certified that they have neither imported the subject goods from the subject country nor are they related to any exporter/producer from the subject country or importers in India. Further, the applicant alongwith the supporter accounts for the total Indian production.
10. In view of the above and after due examination, the Authority notes that the Applicant constitutes eligible domestic industry in terms of Rule 2 (b), and the application satisfies the criteria of standing in terms of Rule 5(3), of the Rules supra.

**E. Subject country**

11. The country involved in the present sunset review investigation is China PR.

**F. Likelihood of continuation or recurrence of dumping**

**Normal Value**

12. The applicant has cited and relied upon Article 15(a) (i) of China's Accession Protocol. The Applicant has claimed that the producers in China PR must be asked to demonstrate that market economy conditions prevail in the industry producing the subject goods with regard to the manufacture, production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market driven, the normal value should be calculated in terms of provisions of Para 7 of Annexure I to the Rules.
13. The applicant has submitted that India and China are the only producers of the subject goods and thus the normal value could not be determined based on the price prevailing in market economy third country. The applicant has determined the normal value based on price payable in India considering the cost of the domestic industry after addition of reasonable profits.
14. The interested parties are advised to offer their comments and make duly substantiated claims with regard to methodology to be adopted for determination of normal value, having regard to the provisions of Para 7 of Annexure – I within the time limits prescribed in this notification.

**Export Price**

15. The applicant has determined export price using DGCI&S published data. The Authority has considered transaction wise import data procured from DGCI&S. Price adjustments have been claimed on account of ocean freight, marine insurance, commission, bank charges, port expenses and inland freight to determine the ex-factory export price.

**Dumping Margin**

16. Considering the normal value and the export price, the dumping margin is not only above *de minimis* level, but also significant. There is *prima facie* evidence that the normal value

of the subject goods in the subject country is significantly higher than the net export prices, thereby indicating that the subject goods originating in or exported from the subject country continues to be exported at dumped prices, inspite of anti-dumping duty in force.

**G. Likelihood of continuation or recurrence of Injury**

17. There is *prima facie* evidence of likelihood of dumping and consequent injury in the event of cessation of duty, considering the volume and value of import price from the subject country, positive dumping margin and injury margin, performance of the domestic industry which has deteriorated, significant freely disposable capacities of Chinese producers, high export orientation, capacity expansion by the Chinese producers, vulnerability of the Indian industry. The information provided by the applicant, *prima facie*, show likelihood of dumping and injury to the domestic industry in case of cessation of the anti-dumping duty.

**H. Initiation of sunset review investigation**

18. On the basis of the duly substantiated application by the domestic industry and having satisfied itself, on the basis of the evidence submitted by the applicant, substantiating the likelihood of continuation/recurrence of dumping and injury, and in accordance with Section 9A(5) of the Act read with Rule 23 (1B) of the Rules, the Authority hereby initiates a sunset review investigation to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject country to examine whether the expiry of existing anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

**I. Period of Investigation**

19. The period of investigation (POI) proposed by the applicant is January 2022 - December 2022 (12 Months). The Authority, however, considers the POI as 1st April 2022 to 31st March 2023 (12 months). The period 2019-20, 2020-21, 2021-22 and the period of investigation has been proposed as the injury period. The injury investigation period will cover the periods 2019 – 20, 2020 – 21, 2021 – 22 and the period of investigation. The data beyond the period of investigation may also be examined to determine likelihood of dumping and injury.

**J. Procedure**

20. The present review investigation covers all aspects of the final findings published vide Notification No. 14/4/2012-DGAD, dated 17<sup>th</sup> December 2018 and Notification No. 7/2/2018- DGAD, dated 13<sup>th</sup> December 2018. The Authority will also undertake likelihood analysis of dumping and injury.
21. The provisions of Rules 6, 7, 8, 9, 10, 11, 16, 17, 18, 19 and 20 of the Rules supra shall be *mutatis mutandis* applicable in this review.

**K. Submission of Information**

22. All communication should be sent to the Designated Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in) and [adv11-dgtr@gov.in](mailto:adv11-dgtr@gov.in) with copy to [jd12-dgtr@gov.in](mailto:jd12-dgtr@gov.in) and [ad12-dgtr@gov.in](mailto:ad12-dgtr@gov.in). It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
23. The known exporters in the subject country, the Government through its Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
24. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below on the email addresses mentioned in Para 22 above.
25. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
26. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <https://www.dgtr.gov.in/> for any updated information with respect to this investigation.

**L. Time Limit**

27. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in) and [adv11-dgtr@gov.in](mailto:adv11-dgtr@gov.in) with copy to [jd12-dgtr@gov.in](mailto:jd12-dgtr@gov.in) and [ad12-dgtr@gov.in](mailto:ad12-dgtr@gov.in) within thirty (30) days from the

date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.

28. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

**M. Submission of information on confidential basis**

29. Any party making any confidential submission or providing information on confidential basis before the Authority is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
30. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
31. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
32. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.

33. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority. The other interested parties can offer their comments on the confidentiality claimed within 7 days of receiving the non-confidential version of the document.
34. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
35. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
36. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

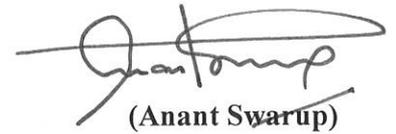
**N. Inspection of Public File**

37. In terms of Rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. The modality of maintaining public file in electronic mode is being worked out.

**O. Non-cooperation**

38. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the

Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

A handwritten signature in black ink, appearing to read 'Anant Swarup', with a large, sweeping flourish above the name.

(Anant Swarup)

**Designated Authority**