

To be published in Part-I Section I of the Gazette of India Extraordinary

F. No. No. 14/15/2016-DGAD

Government of India

Ministry of Commerce & Industry

Department of Commerce

Directorate General of Anti-Dumping & Allied Duties

4th Floor, Jeevan Tara Building, Parliament Street, New Delhi

NOTIFICATION

Dated 30 December, 2017

(Final Findings)

Subject: Anti-dumping duty investigation on the imports of Sulphonated Naphthalene Formaldehyde originating in or exported from China PR.

Having regard 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 and for Determination of Injury) Rules 1995, as amended from time to time (hereinafter also referred to as the Rules) thereof;

A. BACKGROUND OF THE CASE

1. Whereas M/s Himadri Speciality Chemical Ltd. (hereinafter referred to as 'petitioner') had filed an application (also referred to as petition) before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter referred to as the AD Rules) for initiation of anti-dumping investigation concerning imports of "Sulphonated Naphthalene Formaldehyde" (hereinafter referred to as subject goods or product under consideration) originating in or exported from People's Republic of China (hereinafter referred to as subject country).

B. PROCEDURE

2. The procedure as described herein below has been followed:

- a. The Authority under the above Rules, received a written application from the petitioner on behalf of domestic industry of subject goods, alleging dumping of subject goods originating in or exported from subject country and resultant injury to the domestic industry and requesting recommendations for imposition of antidumping duty on imports of the subject goods from the subject country.
- b. On the basis of sufficient prima facie evidence of dumping of the subject goods, originating in or exported from the subject country, injury to the domestic industry and a causal link between the alleged dumping and injury, the Authority initiated an investigation into the alleged dumping and consequent injury to the domestic industry in terms of Rule 5 of the Rules to determine the existence, degree and effect of the alleged dumping of subject goods from the subject country and to recommend an amount of antidumping duty, which if levied on the imports of Sulphonated Naphthalene Formaldehyde, would be adequate to remove the 'injury' to the domestic industry.
- c. The Authority notified the Embassy/Representatives of the subject country in India about the receipt of the anti-dumping application before proceeding to initiate the investigations in accordance with sub-rule (5) of Rule 5 supra.
- d. The Authority issued a public notice dated 13th October, 2016 published in the Gazette of India, Extraordinary, initiating anti-dumping investigation against imports of the subject goods from the subject country.
- e. The Authority forwarded a copy of the public notice to all the known exporters, importers and users association of the subject goods in India and advised them to make their views in writing within forty days from the date of the letter.
- f. The Authority provided a copy of the non-confidential version of application filed by the petitioner 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 interested party whenever requested.
- g. The Authority sent questionnaires to elicit relevant information to the following known exporters of subject goods in the subject country in accordance with Rule 6(4) of the AD Rules.
 - i. M/s. Hubei Aging Chemical Co. Ltd.
 - ii. M/s. Hereun Industrial Development Ltd.
 - iii. M/s. Green Building Materials Co. Ltd.

- iv. M/s. Zhejiang Chemicals Import and Export
 - v. M/s. WeifangEntachemCo.Ltd.
 - vi. M/s. Shandong Wanshan Chemical Co. Ltd.
 - vii. M/s. WeifangHongle New Chemical Building Materials Co. Ltd.
 - viii. M/s. Pacific Spot Ltd.
 - ix. M/s. Shandong LaiwuWenhe Chemicals Co. Ltd.
 - x. M/s. Jinan Yuansheng Chemical Technology Co Ltd.
- h. In response to the initiation notification, the following exporters/producers have filed questionnaire response along with legal submissions.
- i. M/s. Hubei Aging Chemical Co. Ltd.
 - ii. M/s. Shandong Wanshan Chemical Co. Ltd.
- i. Questionnaire was sent to the following known importers/users associations of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:
- i. M/s Radiant Enterprise chemicals and solvents LLP
 - ii. M/s Gujarat Polysol Chemicals Pvt Ltd
 - iii. M/s Rheoplast Technology Pvt Ltd
 - iv. M/s Polygon Chemicals Pvt. Ltd.
 - v. M/s Don Construction Chemicals India Ltd.
 - vi. M/s BASF India Ltd.
 - vii. M/s W.R. Grace & Co Pvt. Ltd.
 - viii. M/s Sika India Pvt. Ltd.
 - ix. M/s Amorphos Chemicals Pvt. Ltd.
- j. In response to the initiation notification, the following Importers/user associations have filed Importer Questionnaire or written reply in response to the Initiation notification
- i. Hindcon Chemicals Limited
 - ii. M/s Radiant Enterprise chemicals and solvents LLP
 - iii. M/s Don construction Chemicals India Ltd
- k. 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 all interested parties. The public file was inspected by a number of interested parties a number of times. Interested parties, who requested inspection and copies of the documents from the public file, were provided with the same.

- l. The Authority accepted the confidentiality claims, wherever warranted after due examination and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on a confidential basis, which was made available through public file.
- m. Further information was sought from the petitioner and other interested parties to the extent deemed necessary. Verification of the data provided by domestic industry was conducted to the extent considered necessary for the purpose of present investigation.
- n. Investigation was carried on for the period April, 2015 - March, 2016 (12 months) (hereinafter referred to as the 'period of investigation' or 'POI') with injury analysis covering the period 2012-2013, 2013-2014, 2014-2015 and the POI.
- o. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and DG System Custom to arrange details of imports of subject goods for the past three years, and the period of investigation, and the said information was obtained from the DGCI&S and has been adopted for the purpose of the present investigation.
- p. The Authority has examined the information furnished by the domestic industry to the extent possible on the basis of guidelines laid down in Annexure III of the AD Rules to work out the cost of production and the non-injurious price of the subject goods in India so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- q. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to all interested parties to present their views orally in the first public hearing held on 11th August, 2017 which was attended by the interested parties. All the parties who presented their views in the oral hearing were requested to file written submissions of these views for mutual exchange with opposing interested parties for filing rejoinders thereafter by others.
- r. Having regard to the Supreme Court judgement in Automotive Tyre Manufacturers Association Vs. Designated Authority (2011) a second oral hearing was conducted on 2nd November 2017 due to change in 'Designated Authority' post which all the parties who presented their views were requested to file written submissions of these views for mutual exchange with opposing interested parties for filing rejoinders thereafter by others.
- s. The submissions made by the interested parties during the course of this investigation, wherever found relevant, have been addressed by the Authority, in this document.

- t. Information provided by the 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 as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non confidential version of the information filed on confidential basis.
- u. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings on the basis of the facts available.
- v. A Disclosure Statement was issued on 22.12.2017 containing essential facts under consideration of the Designated Authority, giving time up to 27.12.2017 to furnish comments, if any, on Disclosure Statement. The Authority has considered post disclosure comments received from interested parties appropriately.
- w. ‘***’ in this Final Finding represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- x. The exchange rate for the POI has been taken by the Authority as Rs.65.91= 1 US\$.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Views of the Domestic industry

- 3. The views of the domestic industry are as follows:
 - a. The product under consideration in the present investigation, Sulphonated Naphthalene Formaldehyde, is a derivative of Naphthalene. Sulphonated Naphthalene Formaldehyde (SNF) Condensate is used as a water reducing admixture in construction industries for concrete. It is also used as dispersant for rubber chemicals, gypsum industries and specialty agro-chemicals industries. SNF is made from sulphonation of naphthalene and neutralization of the process by caustic soda. It is produced in 100 % powder form and in liquid form in the range of solid content from 40% - 44%.
 - b. The main commercial use of Sulphonated Naphthalene Formaldehyde is for production of concrete admixtures, application in tanning industry, leather auxiliaries, textile auxiliaries, vat dyes, superior quality disperse dyes, agro dispersant formulations, rubber and latex emulsion.

- c. The subject goods fall under Chapter 38 of the Act under subheading no. 3824 40 90. However, the customs classification is indicative only and is in no way binding on the scope of the present investigation.
- d. There is no difference in Sulphonated Naphthalene Formaldehyde produced by the Indian industry and the product exported from the subject country. Goods produced by the Indian industry and imported from the subject countries are comparable in essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable and therefore subject goods produced by the domestic industry should be treated as like article to the goods imported from the subject country in accordance with the Anti-Dumping Rules.
- e. As regards different grades, it is submitted that whereas the majority of production by petitioner is SNF-C and supplied in liquid form in view of the cost savings, the imports are primarily in solid form in order to have savings in the freight. The product under consideration is consumed in liquid form only and even in those situations where the consumers buy the product in solid form, it is in fact converted into liquid form before consumption.
- f. The petitioner's data is in liquid form as the product under consideration is primarily produced and sold in liquid form. It is submitted that all the volumes can be expressed into solid and thereafter, all the relevant calculations could be worked out. Second option is to compare liquid with liquid; solids with solids. In any case, liquid form of the domestic product cannot be compared with solid form of the imported product, without due adjustment for material content in the two forms.
- g. Petitioner submitted that Category C constitutes 92% of petitioner's production in liquid form and 100% of production in solid form. In a situation, where Category C constitute 92.32% of petitioner's production in liquid form and 100% in solid form, it follows that in any case the cost of production information given by the company is representative of cost of production of Category C. Such being the case, the argument raised by the interested party is of no specific consequence in the facts of the case.
- h. Petitioner also submitted the import analysis of PUC during the period of investigation and stated that 20.85 % of imports were of C grade and 73.98 % of imports were unidentified. Thus, significant volume of imports cannot be identified in respect of the grade, which shows that these goods were invoiced without having regard to the grade of the product. If 73.98 % of the imports are unidentified, it must

be concluded that the exporters and importers did not recognize difference in sulphate content as relevant criteria.

- i. It would thus be seen that Category C constitutes 92% of petitioner's production in liquid form and 100% of production in solid form. In a situation, where Category C constitute 92.32% of petitioner's production in liquid form and 100% in solid form, it follows that in any case the cost of production information given by the company is representative of cost of production of Category C.

C.2. Views of the other interested parties

4. The following submission has been made by the importers, consumers, exporters and other interested parties with regard to product under consideration and like article.
 - a. There is a price difference in various grades of SNF as the export is in powder/solid form with 92-93% solid content whereas the product produced by the domestic industry is in liquid form with 42-44% solid content. SNF is categorized in three different forms based on Sodium Sulphate content which is vital for differentiating the grades and has cost resulting into direct impact on Cost & Price. That one of the exporter has only exported SNF-C Category to India which is the lowest in Cost and Price. It is also submitted that the Normal Value and Net Injurious Price based on Cost data of Domestic Industry shall be worked out in respect of SNF-C Category only.
 - b. It may please be seen that most of the SNF sold by the Domestic Industry in liquid form is packed in drum whereas, goods exported by Shandong Wanshan Chemical Co. Ltd. are packed in paper bags of 25 Kg. In view of the above, it is submitted that to make a fair comparison between Export Price & Normal Value & Landed Value & Non-Injurious Price, the impact of drum cost incurred by Domestic Industry shall not be considered.
 - c. It has been claimed by the Domestic Industry that SNF in Powder form contains 100% solid contents. This is factually incorrect. Shandong Wanshan Chemical Co. Ltd. produces & exports SNF 92% solid contents. It is submitted that while converting cost of liquid SNF with purity ranging between 42- 46% (as claimed by the Domestic Industry), factor to convert the same may be used in 91-92% solid contents as produced & exported by Shandong Wanshan Chemical Co. Ltd.
 - d. It is hereby submitted that the applicant in the present Anti-dumping investigation is **“Himadri Speciality Chemical Limited”** and the same company is also applicant in another Anti-Dumping investigation concerning imports of **“Naphthalene in both its**

forms Crude Naphthalene” originating in or exported from China PR, European Union, Russian, Iran and Japan and **“Refined Naphthalene”** originating in or exported from China PR, which basically serves as raw material to make Sulphonated Naphthalene Formaldehyde (SNF), hence the question here arise is that at what price the **Naphthalene “Raw Materials”** was transferred to make Sulphonated Naphthalene Formaldehyde(SNF). The documents relating to transfer pricing may be provided/filed with Designated Authority and if possible, the same may please be provided to us so we can file our comments to the same.

C.3. Examination by the Authority

5. The product under consideration is "Sulphonated Naphthalene Formaldehyde (SNF)". Sulphonated Naphthalene Formaldehyde is a derivative of Naphthalene. Sulphonated Naphthalene Formaldehyde (SNF) Condensate is used as a water reducing admixture in construction industries for concrete. It is also used as dispersant for rubber chemicals, gypsum industries and specialty agro-chemicals industries. SNF is made from sulphonation of naphthalene and neutralization of the process by caustic soda. It is produced in powder form and in liquid form in the range of solid content from 40% - 45% by the domestic Industry. During the POI, the subject goods produced by the domestic industry has solid content of 42.35%.
6. The subject goods fall under Chapter 38 of the Act under subheading no. 3824 40 90. However, the customs classification is indicative only and is in no way binding on the scope of the present investigation.
7. As regards the contention that there are different forms of subject goods with significant price difference, the Authority notes that the subject goods exist in two forms, i.e., liquid and solid. Petitioner has sold both forms of subject goods in domestic market, mainly in liquid form. Petitioner has provided separate information on both the liquid and solid forms. However, imports from subject country is in solid form, therefore the comparison has been done after converting solid form into liquid form with relevant conversion factor.
8. As regards existence of different grades of subject goods such as grade A, B and C, the Authority notes that the difference in these alleged grades lies in sulphate content. Majority of subject goods are of Grade C and the domestic industry has also sold Grade C in the domestic market. Further, the domestic industry has submitted that cost difference between SNF grades A, B, C is nominal thus there is no requirement of doing separate analysis for the alleged grade types as A, B and C. Further the significant volume of imports cannot be identified in respect of the grade.

9. After considering the information on record, the Authority notes that there is no known difference in the subject goods produced by the domestic industry and that imported from the subject countries. The subject goods produced by the domestic industry and the subject goods imported from the subject country are comparable in terms of characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, distribution and market & tariff classification of the goods and are like articles. The consumers are using the two interchangeably. Thus, for the purpose of present investigation the subject goods produced by the applicant in India are being treated as like article to the subject goods being imported from subject country.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D.1. Views of the Domestic industry

10. Following submissions have been made by the domestic industry with regard to scope and standing of the domestic industry:
- a. The petition was filed by M/s Himadri Speciality Chemicals Limited. The petition was supported by M/s Mangalore Chemicals and Fertilisers Limited.
 - b. The total domestic production of SNF in the POI is 76453MT. The share of petitioner alone is 36% and with the supporter it is around 60-70% of total domestic production. Hence, the petitioner constitutes a major proportion in Indian Production and therefore, the petitioner should be treated as “domestic industry” within the meaning of the Rules.
 - c. The petitioner has not imported the subject goods during the period of investigation, and further, is not related to any exporter or producer of the subject goods in China or any importer or user of the product under consideration in India within the meaning of Rule 2(b).
 - d. The petitioner company does have a shareholding in Shandong Dawn Himadri Chemical Industry Limited (SDHCIL) but the same is not involved in the production of subject goods. The related company in China has capacity for coal tar and oil. It is nowhere connected to production of subject goods and hence the question of exclusion in terms of Rule 2 (b) does not arise

D.2. Views of the other interested parties

11. The following submission was made by the producers/exporters/importers/other interested parties with regard to standing and scope of domestic industry.
- a. Data of other producers so provided in annexure 2.3 should not have been held confidential as by studying the same it can be analysed if it is only the applicant facing injury or there are some other reasons causing injury.

- b. Additional information regarding related parties may be sought from the applicant company. (reference given to the issue raised in 'Naphthalene' on SDHCIL) The applicants claim of being the DI is questionable as it is clear from the speech of the Chairman that coal tar pitch is used to produce carbon black, naphthalene, advance carbon and naphthalene sulphonate etc. whereas the applicant has concealed the fact that they have a related company which is involved in such activities.

D.3. Examination of the Authority

12. The application was filed by M/s Himadri Speciality Chemicals Limited and was supported by M/s Mangalore Chemicals and Fertilisers Limited. The petitioner has neither imported the subject goods nor are they related to importers or exporters of subject goods. It is noted that the production of the petitioner constitutes a major proportion of total Indian production. It has been argued by the interested parties that the petitioner has concealed about it being related to a producer in China involved in production of subject goods. It is noted in this regard that the petitioner has shareholding in Shandong Dawn Himadri Chemical Industry Limited (SDHCIL), a company in China but the same is not involved in the production of product under consideration. The Authority has examined and notes that the petitioner's plant in China is neither producing naphthalene nor SNF. Domestic Industry has affirmed that they are procuring Coal Tar pitch domestically from China and modify it for global aluminium smelters and graphite electrode companies. Hence, the input is coal tar pitch and output is also a coal tar pitch. There is no generation of naphthalene or SNF in the process. Thus, there is no relationship of the petitioner with the company in China in terms of Rule 2(b) to render petitioner as ineligible domestic industry.
13. In view of the above the Authority considers the petitioner as the eligible domestic industry within the meaning of Rule 2 (b) of the Anti-Dumping Rules and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

E. CONFIDENTIALITY AND OTHER ISSUES

E.1 Submissions by domestic industry

14. The following submission was made by the domestic industry with regard to confidentiality and other issues.
 - a. Information on other producer have been provided as per market intelligence. Further Annexure 2.3 has production details. The share of all other producers apart from the petitioner and the trend of the same can easily be ascertained from Annexure 2.3

- b. Petitioner has provided sufficient information justifying initiation of the investigation. Petitioner has provided all information as required under the application proforma. As regards failure of evaluation of certain parameters in the write up, the petitioner submits that it is not necessary for the petitioner to evaluate all the parameters in the application. The petitioner is obliged to provide all relevant information which it has done.

E.2 Submissions by various interested parties

15. The following submission was made by the producers/exporters/importers/other interested parties with regard to confidentiality and other issues.
 - a. The data of other producers so provided in annexure 2.3 should not have been held confidential as by studying the same it can be analysed if it is only the applicant facing injury or there are some other reasons causing injury.
 - b. The information provided is insufficient to initiate anti-dumping proceedings. The allegations in the petition are largely based on estimates and assumptions. Authority failed to analyse petition carefully otherwise would have held that the petition provides insufficient data. Emphasis has been laid on rule 5(3) (b) and 'US – Softwood Lumber from Canada' wherein it was stated that sufficient evidence must mean more than allegations and conjectures. Grey Portland Cement from Mexico has also been referred with respect to the same.
 - c. Present investigation initiation has not been based on facts so mentioned in the petition as all are contrary to claims made in proforma IV- A

E.3 Examination by the Authority

16. With regard to confidentiality of information, the Authority notes that the information provided by the domestic industry on confidential basis was examined with regard to sufficiency of the confidentiality claim in accordance with Rule 7 of the AD Rules. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not kept open in public file. The Authority has also considered the confidential claims of other interested parties in accordance with the aforesaid rule and its consistent practice.
17. As regards the argument on the deficient information provided by the petitioner, the Authority notes that the information provided by the petitioner in the application was as per the proforma prescribed and only upon prima facie satisfaction of the merit of the case, the Authority initiated the present investigation.

F. Determination of Normal Value, Export Price and Dumping Margin

F.1 Views of the Domestic industry

18. The following submission was made by the domestic industry with regard to normal value, export price and dumping margin

- a. The interested parties have not provided any evidence to show availability of public information. Petitioners have constructed normal value based on best available information. It is also relevant to point that if any such information is publicly available, the interested parties are free to establish that the import price is not a dumped price.
- b. The investigation period considered by the Authority in the present case is April, 2015 to March, 2016 (12 months). The injury investigation period has been considered as the period 2012-13, 2013-14, 2014-15 and POI.
- c. The purpose of fixation of POI is to consider a period when the existence of dumping causing injury is claimed and established. The date of determination is not relevant to the moot question of dumping causing injury to the domestic industry. Since the factum of dumping causing injury to the domestic industry is established based on investigation period, the conditions prevalent during the investigation period alone should be considered relevant, appropriate and necessary for the purpose.
- d. The Chinese producers are required to be treated as non-market economy companies for the reason that the costs and prices in China do not reasonably reflect the market forces. Para 8 to Annexure-I specifies the parameters which should be considered for grant of market economy status. This also implies that unless these conditions are not fulfilled/ satisfied, the Chinese costs and prices cannot be adopted.
- e. The consideration of market economy status is based on parameters prevailing during investigation period. Since the reason for rejection of Chinese costs and prices is distortion in the costs and prices in China due to the factors listed in Para 8 to Annexure-I, petitioner submits that it is the investigation period that is relevant to decide consideration of Chinese producers as market economy companies.
- f. In the context of rule 2(b), it is well established legal position that the imports by a domestic producer or its relationship with an exporter or importer are examined with reference to the investigation period. If POI alone is relevant for standing purposes, POI alone should be relevant for normal value determination.
- g. Chinese producers are required to be treated as companies operating under non-market economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.
- h. Normal value could not be determined on the basis of price or constructed value in a market economy third country for the reason that the relevant information is not

publicly available. The petitioners have claimed consideration of normal value on the basis of cost of production in India duly adjusted.

- i. The dumping margin from China is not only significant, but also substantial, thus establishing existence of significant dumping of the product under consideration in India. The import volume of China has remained significant throughout the present injury period.
- j. Since the prices/quotations of the producers of the subject goods were not publicly available in spite of efforts made by the domestic industry, the domestic industry has determined normal value in China on the basis of cost of production in India by taking the international price of the major raw materials and duly adjusted with selling, general and administrative expenses and considering the consumption norms of the petitioners.

F.2. Views of other interested parties

19. The following submission was made by the producers/exporters/importers/other interested parties with regard to normal value, export price and dumping margin.
 - a. As China has been treated as a non-market economy in the past, practice of using a surrogate country should expire post the expiry of the protocol. The Appellate Body report on 'EC Fasteners' should have been referred and the same provides strong justification for China to automatically obtain market economy status after the expiry of Article 15. Under international law the principle of 'Pacta Sunt Servanda' is observed and this means that no party has to evade its obligations under international treaties for political consideration and under the excuse of domestic laws and so India should stop using surrogate country approach. Normal value must be determined as per the Chinese prices after December 2016.
 - b. It is also submitted that India no longer has a basis under WTO agreements for calculating normal value of China using the non-market methodology. Any such action would be inconsistent with article VI of the GATT. Reference has to be made to the external policies of European parliament
 - c. It is also stated that since Shandong Wanshan Chemical Co. Ltd has been exporting the subject good to India directly and through an exporter also. It is requested that since both have filed separate responses both be granted individual duty rates.

F.3. Examination by the Authority

F.3.1 Determination of Normal Value – China

20. As regards the computation of normal value for China, the Authority notes that the factum of dumping causing injury to the Domestic Industry is established based on investigation period, the conditions prevalent during the investigation period alone is relevant, appropriate and necessary for the purpose of present investigation. The Period of Investigation (POI) for the purpose of the present review is April, 2015 - March, 2016. Since the subparagraph of Article 15 was in existence during most of the period of investigation, the Authority may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product. Moreover, no exporter has filed a market economy treatment questionnaire.
21. It is also noted that in the past three years, China PR has been treated as nonmarket economy country in anti-dumping investigations by India and other WTO Members. China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the Rules
22. At the stage of initiation, the Authority proceeded with the presumption that China PR is a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of their market economy status. The Authority sent copies of the MET questionnaire to all the known producers/exporters for rebutting presumption of non-market economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China to advise the producers/exporters in China to provide the relevant information.
23. The Authority notes that the known Chinese producers/exporters and the Government of China have been adequately notified about the requirement of submission of information in the form and manner prescribed and adequate opportunity was also granted to them to make their submissions in this regard. Questionnaire response has been filed by one producer namely M/s. Shandong Wanshan Chemical Co. Ltd and its related exporter namely M/s. Hubei Aging Chemical Co. Ltd.
24. No other producers/exporters from China have filed questionnaires responses. Further, M/s. Shandong Wanshan Chemical Co. Ltd has also not claimed Market economy treatment by not filling a market economy treatment questionnaire.
25. In view of the above ,and in the absence of rebuttal of non-market economy presumption by any Chinese exporting company, the Authority considers it appropriate to treat China PR as a non-market economy country in the present investigation and proceeds with para-7 of Annexure-I to the Rules for determination of normal value in case of China PR.

26. As per Para 7 of Annexure I of the Anti-dumping Rules

“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”

27. In view of the above, the normal value for the subject products imported from China PR into India has been determined on "any other basis" by considering best available information with regard to cost of production and after reasonable additions for selling, general & administrative expenses and reasonable profit margin. Accordingly, the normal value comes to 576.05 \$/MT for the POI.

F.3.2 Export Price for producer/exporter M/s. Shandong Wanshan Chemical Co. Ltd and its exporter M/s. Hubei Aging Chemical Co. Ltd.

28. The Authority noted that M/s. Shandong Wanshan Chemical Co. Ltd and its exporter M/s. Hubei Aging Chemical Co. Ltd being the related entities, therefore, Authority has determined weighted average export price for them as 358.65 USD /MT.

F.3.3 Export Price for all non-cooperative producers/exporters in China

29. For other producers/ exporters from China who have not participated / cooperated in this investigation, the Authority has determined the export price on the basis of best facts available in terms of Rule 6(8) of the Antidumping Rules. The normal value, net export price and dumping margin in respect of other producers/exporters of the subject goods is determined as mentioned in dumping margin table below.

F.3.4 Dumping Margin

30. Considering the Normal Values and the Export Prices as determined above, the dumping margin is calculated as below

Exporters	Normal Value (USD/MT)	Net Export price (USD/MT)	Dumping Margin (USD/MT)	Dumping Margin %	Dumping Margin % Range
Shandong Wanshan Chemical Co.Ltd/ Hubei Aging Chemical Co.Ltd	***	***	***	***	30-40
Residual	***	***	***	***	65-75

G. ASSESSMENT OF INJURY AND CAUSAL LINK

31. 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, after 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.
32. The Authority notes that the application for imposition of antidumping duty has been filed by M/s Himadri Speciality Chemicals Limited and is supported by M/s Mangalore Chemicals and Fertilisers Limited. In terms of Rule 2(b) of the Rules the petitioner has been treated as the domestic industry for the purpose of this investigation. Therefore, for the purpose of this determination, the cost and injury information of the petitioner, constituting the domestic industry as defined in Rule 2(b), has been examined.

G.1 Views of the Domestic Industry:

33. The following submission was made by the domestic industry with regard to injury and causal link:
- a. The demand increased from 2012-13 to 2013-14. It declined in 2014-15 and further declined marginally as compared to the previous year in the POI. The imports also increased during 2013-14 and 2014-15 and had a slight decline in the POI. The imports

were significantly high. Imports in absolute and relative terms have also followed the same trend and have been significantly high.

- b. Regarding price undercutting, the foreign producers have reduced their prices and are undercutting the domestic Price and it can be inferred from the table below:

Particulars	Unit	2012-13	2013-14	2014-15	2015-16
Import Volume (converted in Liquid form)	MT	5,229	17,304	17,516	17,574
Assessable Value	Rs.Lacs	779	2,792	2,811	2,242
CIF price	Rs./Mt	14,897	16,136	16,047	12,760
Assessable Price	Rs./Mt	15,046	16,297	16,207	12,888
Customs Duty (Rate)	%	7.50%	7.50%	7.50%	7.50%
Customs Duty	Rs./Mt	1,128	1,222	1,216	967
Cess @ 3%	Rs./Mt	34	37	36	29
Landed price of imports	Rs./Mt	16,208	17,556	17,459	13,883
Net Selling Price	Rs./Mt	***	***	***	***
Price Undercutting	Rs./Mt	***	***	***	***
Price Undercutting (%)	%	30-35 %	65-75%	65-74%	45-55%

- c. The imports are depressing the prices of the domestic industry in the domestic market as the landed price of imports is much below the level of cost and sales prices of the domestic industry. The subject goods are forcing the domestic industry to sell the product under consideration at highly un-remunerative prices. There is significant price depression over the period despite the fact that there was no decline in the costs.

Particulars	Unit	2012-13	2013-14	2014-15	2015-16
Cost of sales	Rs./Mt	***	***	***	***
Selling price	Rs./Mt	***	***	***	***
Landed value	Rs./Mt	16,208	17,556	17,459	13,883

- d. The Authority notes that capacity of the domestic industry alone is not par with the level of demand but if it is added to capacity of other domestic industry then together it would be sufficient to cater to Indian demand. But dumped imports by subject country could be a factor in sub-optimal capacity utilization of domestic industry.

Particulars	Unit	2012-13	2013-14	2014-15	2015-16
Capacity	MT	68,000	68,000	68,000	68,000
Demand	MT	95,349	89,365	83,043	89,132

- e. Growth of the domestic industry is negative in production terms. The optimum level of sales and market share has not been achieved because of dumped imports. Even the present level of sales is being made at much less than the optimum prices causing high financial losses.
- f. The level of inventories is all too high because of dumping in the Country
- g. Profits, profit before interest, cash profits and return on capital employed, all have remained very adverse throughout the injury period.
- h. Both dumping margin and injury margin in the POI are positive and significant.
- i. The domestic industry is not able to realize non injurious price for the product. The delta being achieved by the domestic industry is far below what is considered reasonable and fair globally.
- j. Volume of dumped imports has remained significant.
- k. Price reduction led by the dumped imports forced the domestic industry to reduce its prices
- l. The price depression effect of dumped imports has resulted in significant increase in financial losses of the domestic industry.
- m. The domestic industry has been prevented from increasing its production, sales, capacity utilization and market share to the extent of capacities and despite existence of significant demand and capacities in the Country
- n. Deterioration in profits, return on capital employed and cash profits are directly a result of dumped imports
- o. The contribution margin of the domestic industry has steeply declined, which is largely due to dumping.
- p. The growth of the domestic industry became negative in terms of a number of economic parameters.

G.2 Views of Exporters, Importers, Consumers and other Interested Parties

- 34. The following submission was made by exporters, importers, consumers and other interested parties with regard to injury and causal link:
 - a. The performance of the Domestic Industry has remained stable and there is not much of change in the economic parameters.
 - b. There has been no drastic change in the landed value but the domestic sales price has remained the same which clearly indicates that the imports are not affecting performance of DI.

- c. It is only the exports of the applicant that have deteriorated and not the domestic sales. Along with this, the captive consumption has also gone down which may have affected the applicant.
- d. The market share has also remained about the same. Moreover, there is a decline in the inventories of the applicant
- e. A major cause of injury is the increased number of employees and also the increased wages
- f. The capacity utilization has shown hardly a decrease as the same was 55.31 in base year and 40.24 during POI.
- g. Domestic industry also remained shut down for four months from May '15 to August '15. The same needs to be adequately seen by the Authority, injury, if any can be because of the shutdown.

G.3 Examination by the Authority

35. The Authority has taken note of submissions made by various interested parties. The Authority has examined the injury to the domestic industry in accordance with the Antidumping Rules and has considered the submissions made by the interested parties.
36. The AD Rules require the Authority to examine injury by examining both volume and price effect. A determination of injury involves an objective examination of both (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for the like article and (b) the consequent impact of these imports on domestic industry. With regard to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. 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 to the price of 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.
37. As regards the consequent impact of dumped imports on the domestic industry, Para (iv) of Annexure II of Antidumping rules states as under: -

(iv) 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.

38. It is not necessary that all parameters of injury should show deterioration. Some parameters may show deterioration; while some may show improvement. The Designated Authority considers all injury parameters and thereafter concludes whether the domestic industry has suffered injury due to dumping or not.
39. The Authority has examined the injury parameters objectively taking into account the facts and arguments in the submissions. The imported quantity in solid form was converted into liquid form for analysing the economic injury parameters on principle of comparison of apple to apple basis. The constructed normal value and non-injurious price was worked out after converting the liquid form into solid form to make it relevant and comparable with the imports coming in solid form.

a. Assessment of Demand

40. For this purpose, demand or apparent consumption of the product in India is taken as the sum of domestic sales of the Indian producers and imports from all sources, Share of imports from the subject country in demand/consumption in India determined by the Authority is as under-

Particulars	Unit	2012-13	2013-14	2014-15	2015-16
Sales of Domestic Industry	MT	***	***	***	***
Sales of Other Indian Producer	MT	***	***	***	***
Subject country-Imports (converted in liquid form)	MT	5,229	17,304	17,516	17,574
Other Countries-Imports	MT	4,643	-	-	-
Total demand/consumption	MT	95,349	89365	83,043	89,132

41. The Authority notes that demand has declined till 2014-15 and has increased in POI, but is lower than demand in base year: 2012-13. Sales of domestic producers has also declined to base year.

G.3.2 Volume Effect of Dumped Imports - Import Volumes and Share of Subject Country

42. 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. The Authority has examined the volume of imports of the subject goods from the subject country and other countries based on the transaction-wise import data provided by DGCI&S data. The import volumes of the subject goods and share of the dumped import during the injury investigation period are as follows:

Particulars	Unit	2012-13	2013-14	2014-15	POI
Subject Country Imports (converted in Liquid form)	MT	5,229	17,304	17,516	17,574
Other Countries Imports	MT	4,643	-	-	-
Total Imports	MT	9,872	17,304	17,516	17,574
Share of Imports in total Imports					
Share of subject countries	%	52.97	100.00	100.00	100.00
Share of other countries	%	47.03	-	-	-
Subject Country Imports in relation to					
DI production	%	26%	63%	73%	64%
Consumption	%	10%	19%	21%	20%

43. Imports have increased in injury period. Almost entirety of imports is from subject country. Further imports in relation to production and consumption are also significant in the POI.

G.3.3 Price Effect of the Dumped imports on the Domestic Industry

44. With regard to the effect of the dumped imports on prices, Annexure II (ii) of the Rules lays down as follows:

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

45. It has been examined whether there has been a significant price undercutting by the dumped imports of 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 impact of dumped imports on the prices of the domestic industry has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any.

Price Undercutting

46. In order to determine whether the imports are undercutting the prices of the domestic industry in the market, the Authority has compared landed price of imports after converting the solid form in to liquid with the appropriate conversion factor i.e. 42.35%(solid content) with net sales realization of the domestic industry. In this regard, a comparison has been made between the landed value of the product from each of the subject countries and the average selling price of the domestic industry net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at ex-factory level.

Particulars	Unit	2012-13	2013-14	2014-15	POI
Net Selling Price	Rs/MT	***	***	***	***
Landed Price	Rs/MT	16,208	17,556	17,459	13,883
Price undercutting	Rs/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	% (Range)	30-40	70-80	70-80	45-55

47. The Authority notes that the landed price of imports is much below the level of the selling price of the domestic industry. Imports are thus undercutting the prices of the domestic industry.

Price Underselling

48. The Authority has also examined price underselling suffered by the domestic industry on account of dumped imports from the subject country. As the import are coming in solid form, the NIP was determined for solid form with the appropriate conversion factor.. Comparison of Non Injurious Price of the domestic industry with weighted average landed price of imports shows as follows:

SN	Particulars	China (Rs/MT)	China (US\$/MT)
1	Landed Price	32,782	497.38
2	Non-Injurious Price	***	***
3	Price underselling	***	***
4	Price underselling	***	***
5	Price underselling (Range)	45%-55%	45%-55%

49. It is noted that the landed price of imports were below the non-injurious price of the domestic industry. The Authority notes that the domestic industry has suffered price underselling during the investigation period on account of imports of the subject goods from the subject country.

Price Suppression and Depression

50. In order to determine whether the dumped imports are depressing the domestic prices or whether the effect of such imports is to suppress prices to a significant degree and prevent price increases which otherwise would have occurred to a significant degree, the Authority considered the changes in the costs and prices over the injury period. The position is shown as per the Table below.

Particulars	Unit	2012-13	2013-14	2014-15	POI
Cost of Sales	Rs/MT	***	***	***	***
Trend	Index	100	134	137	104
Selling Price	Rs/MT	***	***	***	***
Trend	Index	100	140	138	95
Landed Price	Rs/MT	***	***	***	***
Trend	Index	100	141	140	111

51. It is noted that, both, cost of sales and selling price of the domestic industry declined over the injury period. However, decline in selling price is much more than the decline in cost of sales. The selling price has remained below the level of cost of production in the Period of Investigation except in 2013-14. Landed price of imports have remained below the level of cost and selling price of the domestic industry. Thus, imports indicate depressing effect on the domestic prices in the domestic market.

G.3.4 Impact on Economic Parameters of the Domestic Industry

- a) Annexure II to the Anti-dumping Rules requires that 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 and the ability to raise capital investments. An examination of performance of the domestic industry indicates that the domestic industry has suffered material injury. The various injury parameters relating to the domestic industry are discussed below:

b) Capacity, Production, Capacity Utilization and Sales

52. The performance of the domestic industry with regard to production, domestic sales, capacity & capacity utilization is as follows:

Particulars	Unit	2012-13	2013-14	2014-15	POI
Capacity	MT	***	***	***	***
Production	MT	***	***	***	***
Capacity Utilization	%	***	***	***	***
Sales volume	MT	***	***	***	***

53. It is noted that production and sales of the domestic industry have declined over the injury period despite sufficient demand in the domestic market. Capacity utilization of the domestic industry has also declined over the injury period.

c) Profits, Return on Capital Employed and Cash Profit

54. The cost of sales, selling price, profit/loss, cash profits and return on investment of the domestic industry has been analyzed as follows:

Particulars	Unit	2012-13	2013-14	2014-15	POI
Cost of Sales	Rs./MT	***	***	***	***
	Index	100	134	137	104
Selling Price	Rs./MT	***	***	***	***
	Index	100	140	138	95
Profit/ (Loss) per unit	Rs./MT	***	***	***	***
	Index	-100	2	-116	-273
Profit/ (Loss) – Total	Rs.Lacs	***	***	***	***
	Index	-100	2	-116	-273
Cash Profit	Rs.Lacs	***	***	***	***
	Index	-100	5,774	597	-6,477
PBIT	Rs.Lacs	***	***	***	***
	Index	100	769	293	-325

Return on Investment	%	***	***	***	***
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55. The Authority notes that the domestic industry suffered financial losses in terms of profit, profit before interest and cash profits in the base year, has marginal profit in 2013-14 and declined thereafter. The domestic industry has claimed that dumping has occurred throughout the injury period. The losses have further intensified in the POI. Return on capital employed is also negative during the period of investigation.

d) Market Share in Demand

56. The effects of the dumped imports on the market share in demand of the domestic industry have been examined as below:

Particulars	Unit	2012-13	2013-14	2014-15	POI
Sales of Domestic Industry	%	***	***	***	***
Sales of Other Indian Industry	%	***	***	***	***
Subject countries-Imports	%	5.48	19.36	21.09	19.72
Other Countries-Imports	%	4.87	-	-	-
<i>Total</i>	%	100	100	100	100

57. The Authority notes that the market share of the domestic industry has declined from base year. Further, market share of the domestic producers as a whole has also declined over the injury period whereas market share of imports from subject country has increased. It indicates that dumping of the product is impacting the market share of the domestic industry to an extent.

e) Employment, Wages and Productivity

58. The position with regard to employment, wages and productivity is as follows:

Particulars	Unit	2012-13	2013-14	2014-15	POI
No. of Employees	Nos	***	***	***	***
Trend	Index	100	91	102	104
Wages	Rs Lacs	***	***	***	***
Trend	Index	100	90	85	101

59. The Authority notes that employment level has remained the same and the same trend is in wages also.

f) Inventory

60. The data relating to inventory of the subject goods are shown in the following table:

Particulars	Unit	2012-13	2013-14	2014-15	POI
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Opening Stock	MT	***	***	***	***
Closing Stock	MT	***	***	***	***
Average Stock	MT	***	***	***	***
Average stock (Index)	MT	100	108	85	76

61. The Authority notes that level of inventories with the domestic industry have declined as compared to base year.

g) Magnitude of Dumping

62. It is noted that imports from the subject country are entering the country at dumped prices and the margin of dumping are above de-minimus limits and significant.

h) Ability to raise capital investment

63. It is seen that the domestic industry's capacity is largely unutilised and the industry suffering losses. Thus, the ability to raise capital investment in such a situation appears to be weakened.

i) Growth

64. The data relating to growth of the domestic industry is shown in the following table:

Growth	Unit	2012-13	2013-14	2014-15	POI
Production	Y/Y	-	***	***	***
Domestic Sales	Y/Y	-	***	***	***
Cost of sales	Y/Y	-	***	***	***
Selling price	Y/Y	-	***	***	***
Profit/Loss	Y/Y	-	***	***	***
ROI	Y/Y	-	***	***	***
Cash Profit	Y/Y	-	***	***	***

65. The Authority notes that growth of the domestic industry has lowered in some parameters.

j) Factors Affecting Domestic Prices

66. The examination of the import prices from the subject country, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market shows that the landed value of imported material from the subject country is below the selling price and the non-injurious price of the domestic industry, thereby underselling in the Indian market. The authority notes that the prices of the product under consideration in general should move in

tandem with the prices of key raw materials and the domestic industry has been fixing its prices considering these input prices and landed price of imports. Domestic industry has claimed that since the landed price of the dumped imports is so low, the domestic industry had no option but to align its prices to the market prices, which are dictated by the prices offered by the foreign producers in subject countries. Thus, the landed value of subject goods from the subject country is an important factor for determination of domestic prices.

Conclusion on Injury

67. After examining the volume and price effects of imports of subject goods from subject countries and its impact on the domestic industry, it is noted that there is an absolute increase in the volume of imports of subject goods from subject country over the injury period and imports in relative terms is significant. Imports are significantly undercutting the prices of domestic industry. Further, the domestic industry has suffered price depression on account of imports of subject goods from subject country. With regard to consequent impact of the dumped imports on the domestic industry, it is noted that the performance of the domestic industry has deteriorated in respect of sales, production, capacity utilisation, profit, cash flow and return on investment in the period of investigation as compared to the base year. The domestic industry is running into financial losses.

G.3.5 Other Known Factors & Causal Link

68. The Authority has noted other factors listed under the Antidumping Rules which could have contributed to injury to the domestic industry for examination of causal link between dumping and material injury to the domestic industry.

Imports from third countries

69. The Authority has examined import data of the subject goods obtained from DGCI&S on transaction-wise basis and notes that almost entirety of imports is from the subject country.

Contraction in demand

70. The demand for the subject goods has declined marginally as compared to the base year. However, there is sufficient demand for the capacity built by the domestic industry. Further decline in sales and production is much more than the decline in demand as compared to the base year. Thus, decline in demand has not caused injury to the domestic industry.

Trade restrictive practices of and competition between the foreign and domestic producers

71. There is no trade restrictive practice which could have contributed to the injury to the domestic industry.

Developments in technology

72. The existing technology and process adopted by the domestic industry is comparable with foreign producers.

Changes in pattern of consumption

73. The pattern of consumption with regard to the product under consideration has not undergone any change. Change in the pattern of consumption is unlikely to contribute to the injury to the domestic industry.

Export performance

74. Domestic industry has exported around 10% of their total production in POI. Further, during the previous three years, the proportion of exports were around 13% except in 2013-14 when it was 27% which could be attributed to the denominator effect on account of decrease in total production. Though the exports in absolute quantitative terms have declined from the base year but their share in total sales remains more or less same.. Therefore, injury to the domestic industry seems to be primarily on the account of domestic operations only.

Performance of the domestic industry with respect to other products

75. The performance of other products being produced and sold by the domestic industry has not affected the assessment made by the Authority of the domestic industry's performance. The information considered by the Authority is with respect to the product under consideration only.

Factors establishing causal link

76. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has deteriorated due to dumped imports from subject country. Causal link between dumped imports and the injury to the domestic industry is established on the following grounds:
- a. The imports prices are much below the level of cost of production of the domestic industry.
 - b. The reduction in the prices by the domestic industry is due to low price offered by the exporters from subject country.
 - c. As a result of significant price difference, the performance of the domestic industry has deteriorated in terms of profits, cash profits (cash flows) and return on investments. Thus, the deterioration in performance of the domestic industry is due to dumping of the product in the Country.
 - d. Deterioration in profits, cash flow, return on capital employed are a result of dumped imports;

- e. The Authority has determined non-injurious price for the domestic industry. For this purpose, the Authority has considered best consumption norms of the raw materials & utilization. The Authority has segregated and excluded injury suffered by the domestic industry due to other factors, in accordance with the provisions of Annexure-III to the Rules.

H. MAGNITUDE OF INJURY AND INJURY MARGIN

77. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority in terms of Annexure III to the AD Rules has been compared with the landed value of the imports from the subject country for determination of injury margin during the POI and the injury margin so worked out is as under:

Particulars	China (Rs/MT)	China (US\$/MT)
Non Injurious Price (NIP)	***	***
Landed Price	32,782	497.38
Injury Margin	***	***
Injury Margin (Range)	45-55	45-55

78. It is seen that the injury margin for the subject country is positive and substantial.

I. POST DISCLOSURE COMMENTS

79. The post disclosure submissions have been received from the interested parties. The issues raised therein have already been raised earlier during the investigation and also addressed appropriately. However, for the sake of clarity the submissions by the interested parties are being examined as below:

I.1 Views of the Domestic Industry

80. The Domestic Industry made the following submissions:
- i. The domestic industry has sold PUC in both of its form in domestic market, and separate information has been provided for both liquid and solid forms. Cost difference between grades A, B and C is nominal so no requirement of doing separate analysis for the alleged grade types.
 - ii. Petitioner has a shareholding in Shandong Dawn Himadri Chemical Industry Limited (SDHCIL) but the same is not involved in the production of subject goods. The related company in China has capacity for coal tar pitch and oil and is in no way related to the production of SNF or naphthalene. Thus, the said company is nowhere connected to production of subject goods and the question of exclusion in terms of Rule 2 (b) does not arise.
 - iii. DA has determined normal value based on best information available and so cost of the industry has been considered. The notional cost elements are only for NIP determination and do not represent best available information with regard to cost of

- production. Thus, actual cost should be considered for normal value determination. The normal value and dumping margin be revised accordingly.
- iv. Imports in absolute terms and in relative terms are at significantly high level in the POI. Imports from subject country have increased more than three folds in the POI as compared to the base year.
 - v. Market share of the DI has declined whereas that of the subject country has only increased over the injury period.
 - vi. Landed price of imports remained significantly below the level of cost, selling price offered by the domestic industry and NIP of the domestic industry.
 - vii. Price undercutting and price underselling are positive.
 - viii. Despite sufficient demand the production, sales and capacity utilization of the domestic industry declined over the injury period.
 - ix. The profits, cash flow and ROI are significantly negative. Chinese producers reduced the prices for the product significantly, which led to significant financial losses, negative ROI and negative cash flows.
 - x. Form of anti-dumping duty should be fixed quantum of anti-dumping duty (fixed form of duty).
 - xi. Duty be imposed in terms of US\$ in the final determination. Rupee has depreciated significantly and so, definitive duties may kindly be expressed in US\$. Depreciation of INR has impacted costs of the raw materials, utilities and other costs.

I.2 Views of Exporters, Importers, Consumers and other Interested Parties

- i. The Accession Protocol expired on 11th Dec, 2016 and after that no country will be able to derogate from the standard rules on determination of normal values while dealing with imports from China. This implies that Indian anti-dumping regulations cannot allow for determining normal value on a basis other than the domestic prices of China else China can challenge the same as being inconsistent with the WTO obligations.
- ii. Calculation of export price, landed value and the range of injury margin was not provided. Information as received from the Authority is not sufficient and does not provide the basis of calculation of export price and landed value.
- iii. The basis for calculating the range of injury margin as 58-127% is unknown. Landed cost is much more than what is stated in petition and Injury Margin as indicated by the Authority is much higher than what has been worked out for China PR.
- iv. There is no logic for deducting 1% as Commission since direct exports were made by both the responding parties and no middle men were involved.
- v. M/s. Shandong Wanshan Chemical Co. Ltd. and M/s. Hubei Aging Chemical Co. Ltd. are not related companies. These companies are not related to each other. M/s. Shandong Wanshan Chemical Co. Ltd. provided list of related companies along with Exporters Questionnaire Response wherein no information in respect of M/s. Hubei Aging Chemical Co. Ltd. as related company has been given. M/s. Hubei Aging Chemical Co. Ltd. has

only sold the subject goods produced by M/s. Shandong Wanshan Chemical Co. Ltd. in Indian market.

- vi. Both producer and trader are independent and separate entities so separate rate of duty be worked out for them individually.
- vii. Normal Value has been calculated on “any other basis” and such basis is unknown. Authority is requested to specify method used for calculation of Normal Value. It is obligatory on part of the Authority to inform all concerned parties on its decision of basis to be adopted before issuance of Disclosure Statement. Basis adopted in Disclosure Statement does not meet standards prescribed under Law for determination of Normal Value in respect of Non-Market Economy countries.
- viii. Difference in price underselling and injury margin. Inconsistent information has been provided in different paras of Disclosure Statement. Different injury margins are calculated with the same data. Authority to provide accurate injury margin.
- ix. Inconsistent basis of comparison of Indian products and imported products. Some calculations are done after converting solids into liquid and some are for solid forms. All calculations should be done on one basis.
- x. Claims of ROCE are inflated. A return of 22% on average capital employed for PUC has been assumed to be reasonable. The NIP determined by the Authority is highly inflated and not based on real situations. Elements of cost of production need to be examined for working out the NIP. The Authority should adopt ROCE earned by industry when there was no allegation of dumping as reasonable profit margin and not 22% ROCE.
- xi. 22% ROCE is incorrect because - Debt portion of Capital Employed which attracts about 10 to 12% interest rate is provided 22%. This results in providing more than 22% return on Net Worth portion of Capital Employed; in recession allowing such a high return to DI is totally incorrect.

I.3 Examination by the Authority

81. It is noted that the issues raised at post disclosure stage have already been examined by the Authority in above relevant paragraphs. However, for the sake of the clarity on the submissions they are addressed as below:
 - i. As regards the construction of normal value, the Authority reiterates that the normal value is constructed having regard to para-7 of Annexure-I for the purpose of present investigation. It has been constructed considering optimum consumption norms of major raw materials as per information provided by the domestic industry, international price of major raw-materials, conversion cost, interest, SGA expenses, etc. at the levels allowed for the domestic industry along with a reasonable profit on the cost of production.

- ii. As regards the claim of the exporters from China on market economy treatment, the same had been addressed at relevant heading. Further, the Authority had sent copies of exporter's questionnaire on market economy treatment (MET) to exporters in China PR. However, no producer/exporter has claimed MET. In view of the above, the Authority considers it appropriate to proceed with para-7 of Annexure I to the Rules for determination of normal value in case of China PR
- iii. As regards the argument on calculation of injury margin, the Authority notes that NIP and cost of production has been determined as per Annexure III of Custom Notification No. 15/2011-customs (N.T) dated 1st March 2011 and the provisions of the rules and the uniform practice followed in the Directorate for the calculations.
- iv. As regards the argument that producer and exporter are separate entities and separate margins should be determined, it is noted that the producer has exported goods largely through the trader, who has also responded to the investigation, and has also made exports directly as well. Separate margins on both channels have been worked out and a weighted average margin has been worked out for producer as per the past practice of the Authority.
- v. As regards the argument on Return on Capital Employed, the Authority has considered the return as per the consistent practise followed in determination of Non Injurious Price.

J. Indian Industry's Interest & other issues

- 82. The Authority holds 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 India market, which is in the general interest of the country. Imposition of antidumping measures is not to restrict the imports from the subject countries in any way, and to affect the availability of the products to the consumers.
- 83. The Authority holds that though in the event of imposition of anti-dumping duties the price level of product in India may be affected but fair competition in the Indian market will not be reduced by such anti-dumping measures. On the contrary, the anti-dumping measures may mitigate the unfair advantage gained by dumping practices, which would arrest the decline of the domestic industry and help maintain availability of wider choices to the consumers of subject goods. Consumers could still maintain two or more sources of supply.

K. CONCLUSIONS

- 84. 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 concludes that:

- i. The product under consideration has been exported to India from the subject country below its normal value, resulting in dumping.
- ii. The Domestic Industry has suffered material injury due to dumping of the product under consideration from the subject country.
- iii. The material injury has been caused by the dumped imports from the subject country.

L. RECOMMENDATION

85. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and the causal link thereof in terms of the Anti-Dumping Rules and having 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 antidumping duty is required to offset dumping and injury. Therefore, the Authority considers it necessary to recommend imposition of definitive anti-dumping duty on imports of subject goods from the subject country in the form and manner described hereunder for a period of 5 years.

86. 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, for a period of 5 years from the date of notification to be issued in this regard by the Central Government, so as to remove the injury to the Domestic Industry. Accordingly, the antidumping duty equal to the amount indicated in Col No.8 of the table below is recommended to be imposed on all imports of the subject goods originating in or exported from the subject country.

SN	Sub-Heading or Tariff Item*	Description of Goods	Country of origin	Country of Export	Producer	Exporter	Duty Amount	UOM	Currency
1	2	3	4	5	6	7	8	9	10
1	3824 40 90	Sulphonated Naphthalene Formaldehyde	China PR	China PR	Shandong Wanshan Chemical Co. Ltd	i. Shandong Wanshan Chemical Co. Ltd ii. Hubei Aging chemical Co Ltd	217.40	MT	US\$
2	3824 40 90	Sulphonated Naphthalene Formaldehyde	China PR	China PR	Any combination other than mentioned above		397.29	MT	US\$

3	3824 40 90	Sulphonated Naphthalene Formaldehyde	China PR	Any	Any	Any	397.29	MT	US\$
4	3824 40 90	Sulphonated Naphthalene Formaldehyde	Any	China PR	Any	Any	397.29	MT	US\$

* Custom classification is only indicative and the determination of the duty shall be made as per the description of PUC

87. Landed value of imports for the purpose of this Notification shall be the assessable value as determined by the Customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the said Act.
88. An appeal against the order of the Central Government arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)
Additional Secretary & Designated Authority