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**F.No.7/15/2018-DGAD  
Government of India  
Department of Commerce  
Ministry of Commerce & Industry  
Directorate General of Anti-Dumping & Allied Duties  
Jeevan Tara Building, New Delhi-110001**

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**Dated 03.05.2018**

**INITIATION NOTIFICATION**

**Case No. 06/2018  
(Sunset Review Investigation)**

**Subject: Initiation of Sunset Review Investigation of anti-dumping duty concerning imports of Methylene Chloride originating in or exported from the European Union and the United States of America.**

**F. No. 7/15/2018- DGAD – :** M/s Gujarat Fluorochemicals Ltd. and M/s Chemplast Sanmar Ltd (hereinafter referred to as the applicants or petitioners) have filed an application before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Customs Tariff Act, 1975, as amended from time to time (hereinafter also 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 also referred to as the Rules) for initiation of anti-dumping sunset review investigation concerning imports of Methylene Chloride (hereinafter also referred to as the subject goods), originating in or exported from European Union, the United States of America and Korea RP.

2. The above referred petitioners have filed a duly substantiated application alleging continued dumping of the subject goods, originating in or exported from the EU and the USA and likelihood of continuation of dumping of the subject goods, originating in or exported from Korea RP and consequent injury to the domestic industry and have requested for review and continuation of the anti-dumping duties, imposed on the imports of the subject goods from these countries.

3. The applicants have further argued that though there were no imports from Korea in the POI there is likelihood of recurrence of dumping and injury thereof as the imports from Korea before the POI were at dumped prices.

## **A. Background**

4. Whereas, having regard to the above Act and the Rules, the Designated Authority (hereinafter referred to as Authority) had initiated an antidumping investigation concerning imports of Methylene Chloride originating in or exported from the European Union ("EU"), the United States of America ("USA") and Korea RP, vide Notification No. 14/19/2012-DGAD dated 4<sup>th</sup> April, 2013. The Preliminary Findings were notified on 6<sup>th</sup> September, 2013 and the provisional duties were imposed by the Ministry of Finance vide Notification No. 24/2013 - Cus (ADD), dated October 21, 2013. The Authority had thereafter issued final findings on 2<sup>nd</sup> April, 2014 recommending definitive antidumping duty on the subject imports. The definitive anti dumping duties on the subject goods imported from subject countries were imposed by the Ministry of Finance vide Notification No. 24/2014-Cus (ADD), dated May 21, 2014.

## **B. Product under consideration and Like article**

5. The product under consideration in the present investigation is "Methylene Chloride" as it was in the original investigation. It is also known as Dichloromethane and Methylene Dichloride (MDC). It is an organic compound with molecular formula  $CH_2Cl_2$ . It is a colorless liquid with sweetish ether-like odour, and is used as a solvent predominantly. It is essentially non-flammable under most conditions of use. However, it can burn if strongly heated. Methylene chloride may decompose at high temperatures forming toxic gases. It is completely miscible with a variety of solvents.
6. MDC is a solvent and is used in the manufacturing of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance chemicals. It is also used as an extractant for edible fats, cocoa, butter and essences. There are two technologies for production of Methylene Chloride - Methane route and Methanol route. The product produced through both the routes has essentially similar technical characteristics.
7. Methylene Chloride is classified under Chapter 29 (Organic Chemical) of the Customs Tariff Act under customs subheading 29031200. The Customs classification is indicative only and in no way binding on the scope of the present investigation.
8. The applicants have claimed that subject goods produced by them and the subject goods imported from the subject country are like articles within the meaning of the anti-dumping Rules. The applicants have claimed that the goods produced by the domestic industry and the subject goods are comparable in terms of parameters such as physical & technical characteristics, manufacturing process & technology, functions & uses,

product specifications, pricing, distribution & marketing and tariff classification. The two are technically and commercially substitutable. Therefore, for the purpose of the present investigation, the Authority treats the subject goods produced by the applicants in India as 'Like Article' to the subject goods being imported from the subject countries.

### **C. Domestic Industry and Standing**

9. The application has been jointly filed by Gujarat Fluorochemicals Ltd. and Chemplast Sanmar Ltd. There are three other producers of Methylene Chloride in the Country- TGV SRAAC Ltd. (formerly Sree Rayalaseema Alkalies and Allied Chemicals Ltd.) Gujarat Alkalies & Chemicals Ltd. and SRF Ltd. Among other producers , TGV SRAAC Ltd. has supported the present application. As per information furnished in the application, the production of the applicants accounts for major proportion of the total domestic production of the subject goods. Further, the applicants have declared that they have neither imported the product under consideration from the subject countries, nor are they related to any exporter of the product under consideration in the subject countries or to an importer of subject goods in India. The Authority notes that the applicants fulfil the requisite criteria to satisfy the requirements of “standing” under Rule 5 of the AD Rules and therefore constitute domestic industry, as required under the AD Rules.

### **D. Normal Value and Export Price**

10. The applicants have submitted that efforts were made to get information/evidence of price of subject goods in the domestic market of subject countries. While they could get information on prices prevailing in Europe from ICIS LOR Pricing report, they could not get any information about the prices prevailing in USA. The applicants have furnished the prices of subject goods prevailing in EU as per ICIS LOR report. They have adopted the price prevailing in the EU as the price prevailing in USA. The Authority has examined the claim of the applicants and notes that the prices quoted in above reports can prima facie be taken for provisional determination of normal value of the subject goods in the subject countries for the purpose of initiation of investigation.
11. The applicants have claimed the export price as per DGCI&S data. For fair comparison between the normal value and export price, , the export prices at CIF basis have been adjusted for ocean freight, marine insurance, commission, port expenses, inland freight and bank charges in order to determine the net export price at ex-factory level.

### **E. Dumping Margin**

12. The normal value has been compared with the export price at ex-factory level. There is prima facie evidence that the normal value of the subject goods in the EU and the USA are higher than the ex-factory export price.

### **F. Continued Injury to the domestic industry and likelihood of continuation of injury**

13. Information furnished by the applicants has been considered for assessment of continued injury and likelihood of continuation of injury. The Authority prima facie finds that the domestic injury continues to suffer price injury as a result of continued dumping by the exporters from the EU and the USA.

### **G. Initiation of the Review**

14. And Whereas, in view of the duly substantiated application filed in accordance with section 9A(5) of the Act, read with Rule 23 of the Anti-dumping Rules and on finding that prima facie evidence of dumping of the subject goods, originating in or exported from European Union & USA, injury to the domestic industry and causal link between the alleged dumping and injury exists to justify initiation of anti-dumping investigation; the Authority hereby initiates sunset review investigation to review the need for continuation of the antidumping duties in force in respect of the subject goods, originating in or exported from the subject countries.
15. Further, since there were no imports of the subject goods from Korea RP in the POI and consequently no evidence of current dumping by the Korean producers, the anti-dumping investigation accordingly is not being initiated concerning imports originating in or exported from Korea RP.

### **H. Countries involved**

16. Therefore, the countries against which present sunset review investigation is initiated are EU and USA (referred to as the "subject countries").

## **I. Period of investigation (POI)**

17. The Applicants have proposed the period from 1<sup>st</sup> January, 2017 to 31<sup>st</sup> December, 2017 (12 months) as the period of investigation. For the purpose of analyzing injury, the data of previous three financial years, i.e. 2014-15, 2015-16, 2016-17 and the proposed period of investigation has been considered.
18. 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.

## **J. Submission of Information**

19. The known producers and exporters in the subject country, the Government of the subject country through its embassy in India, the importers and users in India known to be concerned with the product are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address:

**The Designated Authority,  
Directorate General of Anti-Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce,  
4th Floor, Jeevan Tara Building,  
5 Parliament Street, New Delhi -110001.**

20. Any other interested party may also make its submissions relevant to the investigation in the prescribed form (downloadable from the website of the Authority at [www.dgtr.gov.in](http://www.dgtr.gov.in)) and manner within the time limit set out below.

## **K. Time Limit**

21. Any information relating to the present investigation and any request for hearing should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 Days) from the date of issue of letter by the authority intimating initiation of the investigation. 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 Anti-Dumping Rules.
22. 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 and offer their comments to the domestic industry's application regarding the need to continue or otherwise the Anti-dumping

measures within 40 days from date of issue of letter by the authority intimating initiation of the investigation.

**L. Submission of information on confidential basis/Non-Confidential basis**

23. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.
24. Information supplied without any confidential marking shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies of the confidential version and two (02) copies of the non-confidential version must be submitted by all the interested parties.
25. For information claimed as confidential; 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 and/or why summarization of such information is not possible.
26. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /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, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
27. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or 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.
28. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. 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.

**M. Inspection of public file**

29. In terms of rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

**N. Non-cooperation**

30. In case any interested party refuses access to or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(Sunil Kumar)  
Additional Secretary & Designated Authority