

F. No. 6/27/2024-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi - 110001

Dated: 30th September 2024

INITIATION NOTIFICATION

Case No. AD (OI) - 25/2024

Subject: Anti-dumping investigation concerning imports of Resorcinol originating in or exported from China PR and Japan.

F. No. 6/27/2024-DGTR – Atul Limited (hereinafter referred to as the "applicant") has filed an application before the Designated Authority (hereinafter also referred to as the "Authority"), in accordance with 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"), seeking initiation of an anti-dumping investigation on imports of Resorcinol (hereinafter also referred to as the "product under consideration" or "subject goods"), originating in or exported from China PR and Japan (hereinafter also referred to as the "subject countries").

2. The applicant has alleged that material injury is being caused to the domestic industry due to the alleged dumped imports, originating in or exported from the subject countries and has requested for the imposition of anti-dumping duties on the imports of the subject goods from the subject countries.

A. Product under consideration

3. The product under consideration is Resorcinol.
4. The product under consideration is also known as 1,3-benzenediol; 1,3-dihydroxybenzene; 3-Hydroxyphenol; Resorcin Meta-Dihydroxybenzene and has a chemical formula $C_6H_6O_2$. The CAS number of the product under consideration is 108-46-3. The product under consideration comes in form of white to off-white flakes and is water soluble and conducive to derivatisation.
5. The product under consideration is an intermediate and acts as a compounding agent in the rubber industry for eventual use in tyres, and as resin for bonding applications. The product under consideration is also used as specialized thermosetting wood-adhesive resin, as UV

stabilizers in plastics, in dyes manufacturing, pharmaceuticals, cosmetic preparations and as flame retardants.

6. The product under consideration can be produced using the following manufacturing processes.
 - i. Sulphonation-fusion process
 - ii. Hydroperoxidation process
 - iii. MPDA hydrolysis process
7. The subject goods produced by either of the abovementioned process is identical, with same specification and meets the requirements of same customers in the same market. Hence, there is no difference between the subject goods manufactured using different production process. The applicant in the present investigation manufactures subject goods using sulphonation-fusion process.
8. The subject goods are classified under Chapter 29 of Schedule I to the Customs Tariff Act under the HS code 2907 21 00. The customs classification is only indicative and is not binding on the scope of the product under consideration for the proposed investigation.
9. The parties to the present investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days from the date of initiation of this investigation.

B. Like article

10. The applicant has stated that there are no significant differences in the subject goods produced by the applicant and those exported from the subject countries. The product produced by the applicant and that imported from the subject countries are comparable in terms of essential product characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing, and tariff classification of the subject goods. The subject goods imported from the subject countries and the goods manufactured by the applicant are technically and commercially substitutable. Thus, for the purpose of initiation of the present investigation, the goods produced by the applicant has been *prima facie* considered as like article to the product being imported from the subject countries.

C. Domestic industry & standing

11. The application has been filed by Atul Limited. The applicant is the sole producer of the like article in India. The applicant has stated that it has not imported the subject goods from the subject countries during the period of investigation. The applicant is related to a producer of subject goods in China PR, that is, Atul China. However, the related party has not exported the product under consideration to India during the period of investigation. Further, the applicant has stated that it is not related to any importer of the product under

consideration in India. The applicant has imported negligible quantity of the subject goods from its related entity in China PR during 2021-22 for trial purposes.

12. In view of the above, the Authority *prima facie* considers that the applicant constitutes domestic industry within the meaning of Rule 2(b) of the Rules and the application satisfies the requirement of standing in terms of Rule 5(3) of the Rules.

D. Subject countries

13. The subject countries for the present investigation are China PR and Japan.

E. Period of investigation

14. The applicant has proposed the period of 1st April 2023 – 31st March 2024 as the period of investigation. The injury analysis period covers April 2020 – March 2021, April 2021 – March 2022, April 2022 – March 2023 and the period of investigation.

F. Procedure

15. The provisions stipulated in of Rule 6 of the Anti-Dumping Rules shall be followed in this investigation.

G. Basis for alleged dumping

Normal value for China

16. The applicant has submitted that China PR should be treated as a non-market economy and that producers from China PR should be directed to demonstrate that market economy conditions prevail in the industry with regard to the production and sales of the subject goods. Unless the producers from China PR show that such market economy conditions prevail, their normal value should be determined in accordance with Para 7 of Annexure-I to the Anti-Dumping Rules, 1995.
17. Therefore, for the purpose of initiation of this investigation, the normal value has been constructed based on the estimates of the cost of production of the applicant duly adjusted with selling, general and administrative expenses, along with a reasonable profit margin.

Normal value for Japan

18. The applicant has claimed that it did not have access to information with regard to the selling price or, any other information with regard to prevailing prices in Japan.

19. Therefore, for the purpose of initiation, the normal value for Japan has been calculated based on the trade map data of export from Japan to third country provided by the applicant.

Export price

20. The export price of the subject goods from the subject countries has been determined by considering the CIF price reported in the DG Systems data. Price adjustment has been made on account of
- i. Ocean freight
 - ii. Marine insurance
 - iii. Commission
 - iv. Bank charges
 - v. Port expenses
 - vi. Inland freight
21. The export price so determined is appropriate for the purpose of initiation of the present investigation.

Dumping margin

22. The normal value and the export price have been compared at the ex-factory level, which *prima facie* establishes that the dumping margin is above the *de minimis* level with respect to the subject goods imported from the subject countries. Thus, there is sufficient *prima facie* evidence that the product under consideration from the subject countries is being dumped in the domestic market of India by the exporters from the subject countries.

H. Injury and causal link

23. The applicant has provided *prima facie* evidence with respect to the injury suffered by the domestic industry due to the dumped imports. The applicant has submitted that the imports are undercutting the prices of the domestic industry even though the domestic industry has drastically reduced its prices in order to retain and re-gain the market share. The subject imports are commanding majority of the Indian market. The imports have suppressed and depressed the prices of the domestic industry. Due to this the profitability of the domestic industry has declined significantly. The domestic industry has incurred financial losses in the period of investigation and the cash profits and return on capital employed of the domestic industry has registered a significant decline. There is sufficient *prima facie* evidence of injury being caused to the domestic industry by the dumped imports from the subject countries to justify initiation of an anti-dumping investigation.

I. Initiation of the anti-dumping investigation

24. On the basis of the duly substantiated written application submitted by the applicant, and having reached satisfaction based on the *prima facie* evidence submitted by the applicant

substantiating dumping of the product under consideration originating in or exported from the subject countries, consequential injury to the domestic industry and the causal link between alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby initiates an anti-dumping investigation to determine the existence, degree, and effect of the dumping with respect to the product under consideration originating in or exported from the subject countries and to recommend the appropriate amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

J. Submission of information

25. All communication should be sent to the Authority via email at email addresses dir16-dgtr@gov.in and jd11-dgtr@gov.in with a copy to adg16-dgtr@gov.in and adv13-dgtr@gov.in. It must be ensured that the narrative part of the submission is in searchable PDF/MS-Word format and data files are in MS-Excel Format.
26. The known producers/exporters in the subject countries, the governments of the subject countries through their embassies in India, and the importers and users in India who are known to be associated with the subject goods are being informed separately to enable them to file all the relevant information within the time limits mentioned in this initiation notification. All such information must be filed in the form and manner as prescribed by this initiated notification, the Rules, and the applicable trade notices issued by the Authority.
27. Any other interested party may also make a submission relevant to the present investigation in the form and manner as prescribed within the time limits mentioned in this initiation notification.
28. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
29. Interested parties are strongly advised to keep a regular watch on the official website of the Directorate General of Trade Remedies (<https://www.dgtr.gov.in>) for any updated information with regard to this investigation.

K. Time Limit

30. Any information/submission relating to the present investigation should be sent to the Designated Authority via email at email addresses dir16-dgtr@gov.in and jd11-dgtr@gov.in with a copy to adg16-dgtr@gov.in and adv13-dgtr@gov.in within 30 days from the date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic

representative of the exporting countries. If no information is received within the stipulated time limit or the information received is incomplete, the Authority may record its findings based on the facts available on record and in accordance with the Rules.

31. All interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.
32. Where an interested party seeks additional time for filing of submissions, it must demonstrate sufficient cause for such extension in terms of Rule 6(4) of the Rules and such request must come within the stipulated time mentioned in this notification.

L. Submission of information on confidential basis

33. 31. Where any party to the present investigation makes confidential submissions or provides information on a confidential basis before the Authority, such party is required to simultaneously submit a non-confidential version of such information in terms of Rules 7(2) of the Rules and in accordance with the relevant trade notices issued by the Authority in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
34. Such submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission that has been made to the Authority without such markings shall be treated as “non-confidential” information by the Authority, and the Authority shall be at liberty to allow other interested parties to inspect such submissions.
35. The confidential version shall contain all information which is, by nature, confidential, and/or other information, which the supplier of such information claims as confidential. For the information which is claimed to be confidential by nature, or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
36. The non-confidential version of the information filed by the interested parties should be a replica of the confidential version with the confidential information preferably indexed or blanked out (where indexation is not possible) and such information must be appropriately and adequately summarised 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 a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons containing a sufficient and adequate explanation as to why such summarization is not possible, must be provided to the satisfaction of the Authority.

37. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days from the date of circulation of the non-confidential version of the application/documents.
38. Any submission made without a meaningful non-confidential version thereof or a sufficient and adequate good cause statement on the confidentiality claim shall not be taken on record by the Authority.
39. 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 if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
40. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

M. Inspection of Public File

41. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions/response/information to all other interested parties. Failure to circulate a non-confidential version of submissions/response/information might lead to consideration of an interested party as non-cooperative.

N. Non-Cooperation

42. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period or within the time stipulated by the Authority in this initiation notification, or significantly impedes the investigation, the Authority may record its findings based on the facts available and make such recommendations to the Central Government as it deems fit.



(Darpan Jain)
Designated Authority