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Government of India
Ministry of Commerce & Industry
Directorate General of Anti-dumping & Allied Duties
Udyog Bhawan, New Delhi

Dated the 4th April , 2013

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping Duty investigation concerning imports of “Methylene Chloride” originating in or exported from EU, USA and Korea RP.

No.14/19/2012-DGAD : M/s Chemplast Sanmar Ltd. and M/s Gujarat Fluorochemicals Ltd., (hereinafter referred to as ‘petitioner companies’ or “ the applicants”) has 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 Duty investigation concerning imports of Methylene Chloride (hereinafter also referred to as the subject goods) originating in or exported from EU, USA and Korea RP (hereinafter also referred to as the subject countries). M/s Chemplast Sanmar Ltd. and M/s Gujarat Fluorochemicals Ltd. have provided relevant information.

Product under consideration

2. The product under consideration in the present petition and proposed investigation is “Methylene Chloride” also known as “Dichloromethane” and “Methylene Dichloride” (MDC). Methylene chloride is an organic compound with molecular formula CH_2Cl_2 . It is a colorless liquid with sweetish ether-like odor, and is used as a solvent, predominantly. It is essentially non-flammable under most conditions of use, however, can burn if strongly heated. Methylene chloride may decompose at high temperatures forming toxic gases. It is completely miscible with a variety of solvents. MDC is a solvent and is used in the manufacturing of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance. 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 the two routes has essentially similar technical specifications. 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 proposed investigation

Like Articles

3. The applicant has claimed that the subject goods, which are exported from subject country into India, are identical to the goods produced by the domestic industry. Methylene Chloride produced by the domestic industry and imported from subject countries are comparable in terms of 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 hence should be treated as 'like article' under the AD Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicants in India is being treated as 'Like Article' to the subject goods being imported from the subject countries.

Domestic Industry & Standing

4. It is noted that the Applicants account for more than 50% of the total Indian production and production by the petitioners constitute a major proportion in total production of the like product produced in India, as production of the petitioners including supporters constitute 83% of Indian production. It is also noted that none of petitioners have imported the product under consideration, nor they are related to an importer or exporter of the product under consideration. It is thus determined that the application has been made by or on behalf of the domestic industry and the application satisfies the requirements of 'standing' under Rule 5 of the AD Rules. Further, the Applicants constitute 'Domestic Industry' in terms of Rule 2(b) of the AD Rules.

Subject Countries

5. The countries involved in the present investigation are EU, USA and Korea RP.

Normal value

6. The Petitioners have submitted that efforts were made to get information/evidence of price of subject goods in the domestic market of subject countries and they have furnished the information of prices prevailing in Europe and USA from ICIS LOR Pricing report. In respect of Korea RP, petitioners had constructed the normal values. The petitioners have also constructed normal value for all subject countries taking into account international raw material price, best consumption norm of domestic industry and reasonable profit margin. In view of significant difference in the costs and prices of loose/unpacked and packed material, the normal value has been determined separately for the two forms. The Authority examined the claim of the applicants and notes that there is sufficient prima facie evidence of normal value of the subject goods in the subject countries/territory.

Export Price

7. The applicants have claimed export price for product under consideration based on DGCI&S T by T data to assess the volume and value of imports in India. Export price has been separately determined for loose and packed form of the product. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight expenses and bank charges. There is sufficient prima facie evidence of export price of the subject goods in the subject countries/territory.

Dumping Margin

8. The applicant has provided sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices, prima-facie indicating that the subject goods originating in or exported from the subject countries are being dumped, to justify initiation of an antidumping investigation.

Injury and Causal Link

9. The applicants have claimed that they have suffered material injury by way of losses, increase in inventories, decline in return on capital employed and cash profits, and deterioration in their operating performance. The applicant has also claimed adverse price effects as evidenced by price suppression, price undercutting and price underselling. The applicants have also claimed that the injury has been caused due to the dumped imports of subject goods from subject countries. The Authority considers that there is sufficient evidence of the 'injury' being suffered by the applicants caused by dumped imports of subject goods from subject countries to justify initiation of an antidumping investigation.

Initiation of Investigations

10. The Authority finds that sufficient prima facie evidence of dumping of the subject goods originating in or exported from the subject countries, 'injury' to the domestic industry and causal link between the dumping and 'injury' exist to justify initiation of an anti-dumping investigation. The Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the AD Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the 'injury' to the domestic industry.

Period of Investigation

11. The period of investigation for the present investigation is proposed from 1st January 2012 to December 2012. However, the injury investigation period will cover the periods April 2009-March 2010, April 2010-March 2011, April 2011 to March 2012 and the Period of Investigation (POI).

Submission of information

12. The known exporters in the subject countries and their Governments through their Embassies in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

The Designated Authority,

**Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
Room No.240, Udyog Bhawan,
New Delhi -110107.**

Time limit

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the 'facts available' on record in accordance with the AD Rules.

Submission of Information on Non-Confidential basis

14. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2) of the AD Rules for the confidential information provided as per Rule 7 (1) of the AD Rules. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

Notwithstanding anything contained in para above, 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 authorise its disclosure in a generalised or summary form, it may disregard such information.

Inspection of Public File

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

Non-cooperation

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

**(J.S.Deepak)
Designated Authority**