

**No.14/41/2016-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Anti-Dumping & Allied Duties
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi -110001**

Dated the 21st February, 2018

NOTIFICATION

FINAL FINDINGS

Subject: Anti-dumping investigation concerning imports of ‘Dimethylacetamide’ originating in or exported from China PR and Turkey.

No.14/41/2016-DGAD: - 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, M/s Rashtriya Chemicals and Fertilizers Ltd and M/s Balaji Amines Ltd (hereinafter referred to as “the petitioners” or “the applicants”) have filed an application before the Designated Authority (hereinafter also referred to as “the Authority”) in accordance with the Act and Rules, for initiation of anti-dumping investigation and imposition of anti-dumping duty concerning imports of “Dimethylacetamide” (hereinafter also referred to as the “subject goods” or “product under consideration”), originating in or exported from China PR and Turkey (hereinafter also referred to as the “subject countries”) alleging dumping of subject goods from subject countries and consequent injury to the domestic industry and requested for levy of anti-dumping duties on the subject goods.

2.And whereas the Authority on the basis of prima facie evidence submitted by the applicant, issued a public notice vide Notification No.14/41/2016-DGAD dated 17.03.2017, published in the Gazette of India, Extraordinary, initiating the subject anti-dumping investigation in accordance with the sub Rule 5 of the AD Rules, to determine the existence, degree and effect of the alleged dumping and to recommend the amount of anti-dumping duty, which, if levied, would be adequate to remove the injury to the domestic industry.

A. PROCEDURE

3. The procedure described herein below has been followed by the Authority with regard to the subject investigation;

- i. Preliminary scrutiny of the application showed certain deficiencies, which were subsequently rectified by the Applicants. The application was, therefore, considered as

properly documented. The Authority, on the basis of prima facie evidence submitted by the Applicant to justify initiation of the investigation, decided to initiate the investigation concerning imports of the subject goods from the subject countries. The Authority issued a Notification dated 17th March, 2017, published in the Gazette of India Extraordinary, initiating anti-dumping investigation concerning imports of the subject goods.

- ii. The Authority notified the embassies of the subject countries in India about the receipt of the present anti-dumping application before proceeding to initiate the investigations in accordance with sub-rule 5(5) of the AD Rules.
- iii. Post initiation, the Authority sent a copy of the initiation notification to the Embassies of the subject countries in India, known producers/exporters from the subject countries, known importers/users and the domestic industry as per the addresses made available by the applicants and requested them to make their views known in writing within 40 days of the initiation notification as per Rule 6(2) of the AD Rules.
- iv. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassies of the subject countries in India in accordance with Rule 6(3) of the Rules. The Embassies of the subject countries in India were also requested to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time limit.
- v. The Authority sent questionnaires to elicit relevant information to the following known producers/exporters in subject countries in accordance with Rule 6(4) of the AD Rules;
 - a. Dupont Trading (Shanghai) Co Ltd, China PR
 - b. Farmasino Pharmaceuticals (Jiangsu), China PR
 - c. Henan Junhua Development Co. Ltd, China PR
 - d. Sinochem Jiangsu Co. Ltd, China PR
 - e. The Chemours Chemical (Shanghai) Co., Ltd, China PR
 - f. Zhejiang Medicines & Health Products Imp & Exp Co Ltd, China PR
 - g. Ak-Kim Kimya As, Turkey
 - h. Dormex Trade & Investments Co. Limited, Turkey
 - i. Enplast Plastik, Turkey
- vi. In response to the initiation notification and intimation, following exporters / producers from China PR have responded by filing Exporter's Questionnaire Response;
 - a. Henan Junhua Development Co., Ltd, China PR
 - b. Zhejiang Jiangshan Chemical Co., Ltd, China PR
- vii. Only Henan Junhua Development Co., Ltd from China PR filed supplementary questionnaire responses to claim MET. The claim of MET however has subsequently

been withdrawn.

viii. No reply to the Exporter's Questionnaire was filed by any producer/exporter from Turkey. The submissions were only made by the Embassy of Turkey in India.

ix. The Authority forwarded copy of the Initiation Notification to the following known importers/users/user associations of subject goods in India, whose names and addresses were made available to the Authority, and advised them to make their views known in writing within the time limit prescribed by the Authority in accordance with the Rule 6(4):

- a. Amjey Chem Trade P. Ltd.
 - b. Bharat Jyoti Impex
 - c. C J Shah & Co.
 - d. Charmie International
 - e. Chemical Suppliers India (P) Ltd.
 - f. Chemtrade Overseas Pvt. Ltd.
 - g. Deccan Fine Chemicals (India) Private Limited
 - h. Dhanuka Laboratories Ltd.
 - i. Heavy Chemicals Coop
 - j. Hindustan Speciality Chemicals
 - k. Hospira Healthcare India Private Limited
 - l. Indorama Industries Limited
 - m. Jash Pharma Chem
 - n. K. Uttamlal & Company
 - o. Ketul Chem Pvt. Ltd.
- i. None of the importers/users have filed any Importer Questionnaire response except Chemical Suppliers India (P) Ltd, which too is incomplete and not in the prescribed manner. However, the response filed by the said importer is considered in this disclosure statement to the extent found relevant.
 - ii. The Authority made available non-confidential version of the evidences presented by various interested parties in the form of a public file kept open for inspection by the interested parties as per Rule 6(7)
 - iii. The Non-injurious Price (NIP) is based on the cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the Anti-dumping Rules. It has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry.
 - iv. Information provided by 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 confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis was directed to provide sufficient non confidential version of the information filed on confidential basis.

- v. Verification of the information provided by the domestic industry and also the exporters was carried out to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon. Further information was sought from the applicant and other interested parties to the extent deemed necessary.
- vi. Arguments raised and information provided by various interested parties during the course of the investigation, to the extent supported with evidence and considered relevant to the present investigation, have been considered by the Authority.
- vii. In accordance with Rule 6(6) of the AD Rules, the Authority also provided opportunity to all interested parties to present their views orally in hearings held on 16.01.2018. All the parties attending the oral hearing were requested to file their written submissions and also rejoinders and such submissions have also been considered.
- viii. The Authority has considered 1st April, 2015 to 30th September 2016 (18 months) as the POI so as to undertake analysis on the most recent data. Thus, investigation was carried out for the period starting from 1st April 2015 to 30th September, 2016 (POI). The examination of trends, in the context of injury analysis, however, covered the periods Apr'12-Mar'13, Apr'13-Mar'14, Apr'14-Mar'15 and the period of investigation.
- ix. Import information as per secondary sources (IBIS) has been provided in the application by the applicant and the same has been relied upon at the initiation stage. However, the Authority has relied upon the transaction wise import data as obtained from DGCI&S for the purpose of volume and value of subject goods into the country for the previous years and POI for the purpose of this investigation.
- x. 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 views on the basis of the facts available.
- xi. ***In this disclosure statement represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.

- xii. Exchange rate adopted by the Authority during the POI for the subject investigation is 1 US\$ = Rs. 66.53

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

4. The product under consideration is ‘Dimethylacetamide’ [N, N-Dimethylacetamide] . Dimethylacetamide is the organic compound with the formula $\text{CH}_3\text{C}(\text{O})\text{N}(\text{CH}_3)_2$ and bears the chemical nomenclature ‘N, N-Dimethylacetamide’. Abbreviations like DMAC is also used to denote the product under consideration in the market parlance. It is a clear, colourless- to- yellow liquid soluble in water and other organic substances with a pale amine like or ammoniacal odour.
5. The subject goods is used as a solvent in the manufacture of Acrylic fibre, solvent in the manufacture of polyester films, as a paint remover, and used as a solvent in Paint stripping because of its very rapid removal action and used both as a solvent as well as reactant in the drug industry. The product is a hazardous chemical and is generally packed in UN approved HDPE drums.
6. Product under consideration is an organic chemical falling under Chapter 29 of the Customs Tariff Act, 1975 and further under custom sub-heading no. 29241900 which is not a dedicated subheading for the PUC. The petitioner submitted that the PUC is primarily declared under Customs subheading 29241900 at the time of imports however, the subheading is indicative only and is not binding on the scope of the PUC since the imports of PUC are reported under numerous other subheadings also. As per the petition, the imports of the PUC have been taking place under other subheadings also such as 29021100, 29051990, 29110090, 29152990, 29153990, 29211110, 29211190, 29212990, 29225090, 29241900, 29242190, 29242990, 29269000 and 20420090. The Customs classification is, however, indicative only and in no way binding on the scope of the proposed investigation and any measures to be recommended to be imposed.
7. Rule 2(d) of the AD Rules defines like article as follows:
- “an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has the characteristics closely resembling those of the articles under investigation”.*
8. The applicants have claimed that there is no known difference between the subject goods exported from subject countries and that produced by the domestic industry. As submitted by the applicants, the subject goods produced by the domestic industry and that 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 Rules.

EXAMINATION BY THE AUTHORITY

9. The product under consideration is 'Dimethylacetamide' [N, N-Dimethylacetamide]. Dimethylacetamide is the organic compound with the formula $\text{CH}_3\text{C}(\text{O})\text{N}(\text{CH}_3)_2$ and bears the chemical nomenclature 'N, N-Dimethylacetamide'. Abbreviations like DMAC is also used to denote the product under consideration in the market parlance.
10. 'Dimethylacetamide' is a clear, colourless to yellow liquid soluble in water and other organic substances with a pale amine like or ammoniacal odour.
11. Product under consideration is an organic chemical falling under Chapter 29 of the Customs Tariff Act, 1975 and further under custom sub-heading no. 29241900 which is not a dedicated subheading for the PUC. The PUC is imported under various other subheadings also as seen from the import data. Thus, customs classification is indicative only and not binding on the scope of the PUC and product description alone is dispositive.
12. The Authority has examined the claims of the domestic industry and notes that there is no known difference in subject goods produced by the domestic industry and exported from subject countries. The subject goods produced by the domestic industry and that imported from subject countries are comparable in terms of 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 goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. In view of the above, the Authority holds that the subject goods manufactured by the applicant domestic industry constitutes like article to the subject goods imported into India from the subject countries within the meaning of Rule 2 (d) of the AD Rules.
13. The Authority also notes that there are no contentious submissions made by any of the opposing interested parties vis-à-vis the definition and scope of PUC and the like article aspect in the present investigation. It has been, however, submitted by the Embassy of Turkey that the scope of PUC should be limited to the customs sub-heading and not beyond. It is noted in this regard that limiting the scope of PUC to the customs subheading, which is not even dedicated, shall not be holistic and helpful to identify the imports of PUC for customs purposes. In view of the same, it is found that customs classification shall be indicative only and not binding on the scope of the PUC.

C. SCOPE OF DOMESTIC INDUSTRY AND STANDING

14. The present anti-dumping investigation was initiated based on an application jointly filed by Rashtriya Chemicals and Fertilizers Ltd and Balaji Amines Ltd.

15. The applicants have claimed that they are the only producers of subject goods in India. As per the evidence available on record, the production of the applicant company constitutes “a major proportion” of the domestic production; in fact 100% share of total domestic production.
16. Rule 2 (b) of the AD rules defines domestic industry as under;
- “(2) (b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are relate to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term ‘domestic industry’ may be construed as referring to the rest of the producers”*
17. It is noted after examination of relevant facts and rule in this regard that the application based on which the present anti-dumping investigation is initiated has been jointly filed by Rashtriya Chemicals and Fertilizers Ltd. and Balaji Amines Ltd as the “domestic industry” concerning the subject goods in India. Rashtriya Chemicals and Fertilizers and Balaji Amines Ltd are found to be the only producers of the subject goods in India. It is also noted that there is no submission disputing this fact by any of the interested parties. It is also claimed by the applicants that they did not import the PUC and are not related to any of the importers or exporters.
18. Since the production of the applicants accounts for “a major proportion” in the total production of the subject goods in India, in fact 100%, the Authority holds that the applicants satisfies the standing criteria under Rule 5(3) and constitute domestic industry within the meaning of Rule 2(b) of the AD Rules.

D. CONFIDENTIALITY

19. There are no substantial submissions made on the confidentiality aspect by the opposing parties. However, it has been contended by the domestic industry, inter alia, that the producer/exporter has held all relevant information confidential in the response filed in the supplementary questionnaire and this has restricted domestic industry from making any factual evaluation about the company and the basis of Market Economy Treatment claims by the producer/exporter from China PR. It has also been submitted that in the absence of such information held as confidential, no corroboration of claims with the facts available can be made by the domestic industry.

EXAMINATION BY THE AUTHORITY

20. The submission with regard to confidentiality made by the applicants and considered relevant by the Authority are examined and addressed herein below.

21. With regard to confidentiality of information, Rule 7 of Anti-dumping Rules provides as follows:-

Confidential information: (1) Notwithstanding anything contained in sub-rules and (7) of rule 6, sub-rule (2), (3) (2) of rule 12, sub-rule (4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.

(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the designated 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 generalized or summary form, it may disregard such information.

22. 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 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. The Authority made available the non-confidential version of the evidences submitted by various interested parties in the form of public file.

E. MARKET ECONOMY TREATMENT, NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

Views of Exporters, Importers, Consumers and other Interested Parties

23. There are no substantial submission made by the exporters/importers concerning normal value, export price and dumping margin apart from a claim that China PR should be treated as market economy country and that normal value for Chinese producers should be based on their cost/price as applicable. However, Market Economy Treatment (MET) claim by one of the participating producer/exporter also has been withdrawn.

Views of the Domestic Industry

24. Following submissions have been made by the domestic industry concerning normal value, export price, dumping margin and MET claims;
- a. Dumping margin as provided in the petition is above the de-minimis threshold as provided in the Rules and also significant in case of exports from both subject countries namely, China PR and Turkey.
 - b. Only two exporters responded in the present investigation from China PR. However, there is no response filed by any producer/exporter from Turkey. In absence of any Exporter's Questionnaire (EQ) Response from any producer/exporter from Turkey, dumping margin/injury margin in case of Turkey needs to be determined based on the best available information in the petition concerning normal value and export price including the details relevant to determine landed price in India for the purpose of injury margin.
 - c. In case of China PR, out of two producers/exporters who have filed the EQ Responses one has claimed MET. It is requested that any individual margin to such parties be subjected to strict scrutiny of EQ response concerning their exports to India for verification of the claim.
 - d. China PR should be treated as Non Market Economy country for the purpose of present investigation and Normal Value in case of Chinese producers/exporters should be determined as per the provisions of Annexure I Para 7 to the AD Rules.
 - e. No MET should be granted to Hennan Junhua Development Co., Ltd based on its Response for the following reasons (a) Certain information available in the public domain from the website of the said producer shows that Hennan Junhua Development Co., Ltd is part of a large group company in China PR and MET questionnaire response is not filed by the Group, (b) The publicly available information shows that Hennan Junhua Development Co., Ltd is ultimately owned by China National Chemical Corporation, which is a state owned enterprise. Hennan Junhua Development Co., Ltd having its ultimate ownership with a state owned enterprise needs to establish various facts since its inception to substantiate its claims of MET ,(c) While the ultimate owner is seen as China National Chemical Corporation, the information shows that Hennan Junhua Development Co., Ltd is a subsidiary of Haohua Junhua and Haohua Junhua Group Co., Ltd which also fall under China National Chemical Corporation. Even Haohua Junhua Group Co., Ltd has not come before the Authority by filing MET Response.
 - f. State ownership raises many questions relating to Hennan Junhua Development Co., Ltd. The company needs to establish based on facts how the plant was set up with details of investment, who all invested, what was the source of funds, where did the company get the land from and how the payments for the lands were made, what is the details of the loans by the company, how the working capital requirements of the

company has been historically met, sources of raw materials and utilities etc and a corroboration of such details needs to be made with the records of the holding companies also to establish that the cost of the company reflected market principles and is not influenced by state interference.

- g. Based on the facts available, Hennan Junhua Development Co., Ltd does not operate under market economy conditions and therefore the cost of production of the company cannot be treated as based on ME principles. The DI cannot compete with such a producer whose cost are influenced by state interference and in all fairness MET claims of Hennan Junhua Development Co., Ltd should be rejected.

EXAMINATION BY THE AUTHORITY

- 25. With regard to the submissions made by the petitioner, it is submitted that the commitments under para 15(a) (i) of the Accession Protocol signed by China with WTO requires that the producers under investigation should clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product. In event of this being substantiated, the importing WTO member shall use Chinese prices or costs for the industry under investigation in determining price comparability. Further Article 2.2.1.1 of WTO and AD Rules of India requires that the financial records of producer/exporter reasonably reflect the production costs. Therefore, information and supportive evidence thereof in respect of the following is required to be provided.
 - a. Decisions in regard to price, cost, input including raw material, cost of technology and labour, output, sales and investment, are made in response to market signal reflecting supply and demand and without significant State interference and whether cost of major inputs substantially reflect market value.
 - b. Production costs and financial situation does not suffer from any distortion.
 - c. The producer/exporter are subject to bankruptcy and property law which guarantees legal certainty and stability for the operation of the firms.
 - d. Exchange rate conversions are carried out at the market rate.
- 26. It is noted that only Henan Junhua Development Co., Ltd who is a producer and exporter of subject goods from China PR have claimed MET in the present investigation. However, Henan Junhua Development Co., Ltd has subsequently withdrawn its market economy claim during the course of the investigation. Accordingly, the normal value in respect of China has been constructed.
- 27. With regard to the contentions made by the domestic industry regarding MET claims by Hennan Junhua Development Co., Ltd, it is noted that it is not essential anymore to address these contentions in detail in view of the withdrawal of the MET claim.

a. Determination of Normal Value

i. China PR

28. Accordingly, in the absence of any reliable price and cost details for the subject goods in any market economy third country, the Authority has constructed the normal value for China PR considering international price for major raw materials and consumption norms for raw materials and utilities and conversion cost of the most efficient constituent of the domestic industry plus reasonable profit. The calculation of Normal Value for all the exporters from China PR is shown in the Dumping Margin Table below.

ii. Turkey

29. It is noted that none of the producers/exporters from Turkey has responded or filed exporter's questionnaire response in the present investigation. In view of the same, normal value for Turkey has been constructed considering optimum cost and consumption norms of the most efficient constituent of the domestic industry plus reasonable profit. The normal value so determined is provided in the Dumping Margin Table herein below;

b. Determination of Export Price

i. China PR

(a) Henan Junhua Development Co., Ltd, China PR

30. The Authority notes from the EQ Response filed by Henan Junhua Development Co., Ltd that the company has exported the subject goods to India during the POI directly. The exporter has reported its export to India in their Appendix-2 and claimed adjustments on account of inland freight, ocean freight, insurance and bank charges, credit cost, non-refundable VAT, port handling charges and same have been allowed. Accordingly, the net export price has been determined for this exporter and the same is provided in the dumping margin table below.

(b) Zhejiang Jiangshan Chemical Co., Ltd, China PR

31. The Authority notes from the EQ Response filed by Zhejiang Jiangshan Chemical Co., Ltd that the company has exported the subject goods to India during the POI directly. The exporter has reported its export to India in their Appendix-2 and claimed adjustments on account of inland freight, ocean freight, insurance and bank charges, credit cost, non-refundable VAT, port handling charges and same have been allowed. Accordingly, the net export price has been determined for the exporter and the same is provided in the dumping margin table below.

(c) All other non-cooperative producer/exporters from China PR

32. The Authority has determined the net export price for other non-cooperative exporters as per the facts available on record. The net export price determined so is provided in the dumping margin table below.

ii. Turkey

33. The Authority notes that no producer/exporter from Turkey has responded to the Authority in the present investigation. In view of the non-cooperation, the Authority has determined net export price for all producers/exporters from Turkey on the basis of DGCI&S import data with due adjustments as claimed by the petitioner and the net export price so determined is provided in the dumping margin table below.

c. Determination of Dumping Margin

34. Based on the normal value and net export price determined as above, the dumping margin for producers/exporters from subject countries has been determined by the Authority and the same is as under:

S.No	Country	Producer	Exporter	Normal Value - US\$/MT	Net Export price - US\$/MT	Dumping Margin - US\$/MT	Dumping Margin - %	Dumping Margin Range-%
1	China PR	Henan Junhua Development Co., Ltd	Henan Junhua Development Co., Ltd	***	***	***	***	20-30
2	China PR	Zhejiang Jiangshan Chemical Co., Ltd	Zhejiang Jiangshan Chemical Co., Ltd	***	***	***	***	10-20
3	China PR	Any	Any	***	***	***	***	25-35
4	Turkey	Any	Any	***	***	***	***	25-35

F. Injury Determination

i. Injury Examination

Views of Exporters, Importers, Consumers and other Interested Parties

35. Following are the injury related submissions made by the exporters/importers and other interested parties in brief :
- a) The petitioner has not brought about any substantive evidence to prove the condition necessary for initiation of the Anti-Dumping Investigation. It is advised that the initiation of the current investigation should be terminated
 - b) The petitioner's application for investigation and imposition of Anti-dumping measures on imports of DMAC is clearly short of legal and factual basis.
 - c) The facts on the record reveal that the petitioner has exaggerated the increased import of the subject product and deliberately invented injury to the Domestic Industry. As a result, if the Investigating Authority continues the investigation, it shall be determined that there is no increase of the subject product which has caused injury to the Petitioner.
 - d) Exporters is of the opinion that it is without legal and factual basis for the petitioner to claim serious injury, therefore, the Indian Authority is advised to reject the claim accordingly. The claims of the petitioner are contrary to the published information and appear to be concocted and fabricated to show injury to the Petitioner.
 - e) The sales by DI remained almost same and the DI performed poorly when the demand was high.
 - f) There is no co-relation between landed price of imports and sales price of DI as landed price has declined in the POI whereas selling price has increased.
 - g) The domestic sales of the petitioner have not deteriorated drastically.
 - h) The market share of the DI increased during the POI.
 - i) One of the main causes of injury is increased number of employees and wages.
 - j) The capacity utilization of the DI has increased.
 - k) Price undercutting has been negative in the entire injury period. This shows no price effect.
 - l) Since the DI has increased its capacity, the DI does not face any issue on ability to raise capital investments.
 - m) One of the producers namely Balaji Amines limited is doing well and for the said reason cost allocation between PUC and Non PUC should be examined.

- n) 22% ROI for the purpose of NIP is not justified in the present case. There are decisions of the Hon'ble CESTAT in this regard which shows it is improper to apply such percentages for the purpose of NIP.
- o) There was no dumping of products under consideration imported from the subject countries and imported products did not cause injury or injury threat to Indian domestic industry. To apply anti-dumping measures in this case will be inconsistent with the long-term and overall interests of the Indian domestic industry and its downstream industries.
- p) Exporters believe that the purpose of anti-dumping investigation is to protect the fair international trade order. Improper implementation of anti-dumping measures as means of trade protection will cause an unfair competitive environment and cause damage to the fundamental interests of their respective industries in the long term.
- q) As per Turkey's dedicated code concerning the PUC, exports of subject goods to India declined. In such a scenario, imports from Turkey are not a reason for increase in imports of PUC into India. India has always been enjoying a trade surplus against Turkey, which is ranged at 5-6 billion annually.
- r) No cumulative assessment should be done in the present case and a separate examination of impacts of imports from China and Turkey should be done.
- s) During the injury period, the domestic industry has shown positive trends on various parameters. The trend remained positive in terms of market share, sales, production, capacity, productivity, profits, investments etc.
- t) In view of no injury from imports from Turkey, the Indian Authority should act in line with Article 3.2 of the AD Agreement and Indian AD Laws which should lead to the termination of present case.
- u) Exporters have raised an issue of inconsistency in data filed by domestic industry at various point of time such as at the time of initiation (17th Jan,2017) post initiation (28th April,2017) and written submission (23rd Jan,2018)

36. Following are the injury related submissions made by the domestic industry in brief;

- a) The injury data relevant for the present investigation shows the DI has suffered material injury on account of dumping of subject goods from subject countries.
- b) It can be seen from the injury statement that the imports of subject goods from subject countries have increased substantially over the injury period. The

volume of imports which was about 2319 MT in the base year increased to a 3501 MT level in the POI. Though the import from Turkey over the base year declined by the POI, the imports in terms of percentage in total imports to India stood at about 18% which is much higher than the statutory threshold of 3% and was at dumped prices.

- c) While the imports from subject countries increased significantly in absolute terms and also in relation to production and consumption, the import price which was about Rs76.14 per kg (CIF) in 2012-13 declined to Rs71.17 per Kg (CIF) in the POI. In fact, import price from both the countries have declined and the incidence of dumping margin in such import from Turkey is in the range of 15-30% and from China PR it is in the range of 20-35%.
- d) The capacity with the company has been 7500 MT during the entire injury period and production, capacity utilization and sales has shown marginal increases over the injury period but remained at below par levels owing to the presence of dumped material. The capacity utilization was only about 53.66% in the POI which was about 45% in the base year. Such a low level of capacity utilization cannot be seen as any reasonable level of capacity utilization and such low capacity utilization is the result of high penetration of dumped imports of subject goods in the Indian market. Thus, material injury in terms of subdued levels of production, capacity utilization and sales are very apparent.
- e) The market share of the DI which was 44% in the base year could only increase to 48% whereas the market share of the dumped imports increased from 31% in the base year to 44% in the POI which shows that the dumped imports is capturing the market share in a consistent and substantial manner. Injury on account of market share is thus visible. In the absence of dumped imports, DI would have produced and sold much more in line with the demand for the product under consideration in India.
- f) The cost of sales of the DI increased from a 100 basis point to 129 points in the POI whereas selling price could only increase to 103 points which shows that increase in selling price was much lower than the increase in cost of production. This shows the DI was not in a position to pass on even its full cost to the customers due to the presence of dumped imports. The DI was in fact making cash losses during the injury period. Thus, price suppression and depression are apparent.
- g) The landed prices of imports from subject countries were creating price undercutting effects which in fact prevented the DI from raising its prices. The DI was put in an adverse situation to decide its price based on the landed price of dumped imports and not based on a fair price method so as to recover the cost and also gain a reasonable profit. Thus, serious price effect on the

performance and pricing abilities of the DI is very visible which indicates that the DI has suffered material injury.

- h) Apart from cash losses; PBIT, ROCE, growth on price parameters etc. also remained negative which is directly on account of the dumping of the subject goods from subject countries and the situation continues unabated.
- i) The level of employment marginally increased in line with the marginal increase in production. It is submitted in this regard that the DI has the potential to employ more if a fair situation is established in the market and the DI is able to run its plant at moderate levels.
- j) Also, productivity and wages per unit showed improvement and increase respectively. However, the increases in wages over the years cannot be noted as abnormal (100 to 128 points) and are as per the wage laws of the land. Thus, it cannot be said that the claimed injury are on account of any abnormal wages paid by the company.
- k) The position of ROCE remains a huge worry for the DI as the same is significantly negative which means that the investments made by the company is not paying off and it is in fact impacting the long term prospects of the company apart from the material injury that is being suffered.
- l) The growth of the company has been negative on all major parameters. This shows that the DI has suffered material injury in terms of growth as well.
- m) The information in the petition shows that although some injury indicators such as production volumes, capacity utilization, sales and market share followed some marginal increases but overall subdued position, all the parameters showing financial situation of the domestic industry, namely profitability, return on investment, cash profit etc. has been significantly negative during the POI. Thus, the domestic industry has faced financial losses on account of aggressive dumping adopted by producers/exporters from subject countries and the situation points to material injury.
- n) An objective and holistic evaluation of various economic parameters as above clearly demonstrate that dumped imports from subject countries have caused material injury to the domestic industry and the same is visible both on volume and price parameters. The price effect of the dumped imports has been even significant which is seen in terms of losses, price suppression and price depressions as a result of which profitability of the domestic industry eroded and the domestic industry became loss making with negative returns and negative growths in various parameters.

- o) Thus, the analysis of injury clearly shows that the DI has suffered material injury and dumped imports have triggered such an injury.
- p) The exporters have contended that i) the petitioner has not brought any substantive evidence to show dumping and injury and the case should be terminated for this reason, ii) the petition is clearly short of legal and factual basis, iii) the petitioner has deliberately exaggerated the import volume and deliberately invented injury and iv) claims of injury has no basis. Petitioner denies all such contentions as self-serving and bereft of any merit. It is submitted that the petition contained prima facie evidence of dumping and consequent injury to the DI and such information has been submitted in the prescribed formats and also by elaborating of the facts by providing the sources of various information relied upon. Thus, the Authority had adequate information to justify the initiation of the present investigation to conduct a detailed investigation. Thus, the initiation and present investigation meets all legal and factual requirements. Import data concerning the subject goods is available as per DGCIS and the same is relied upon by the DI and the transaction wise details of the same is provided to the opposing parties also. Not even a single transaction is pointed out as incorrectly included by the DI. Anyways, it is apparent that the import being very high in 2014-15 coincided with a high demand and the same declined in the POI but have still shown increase over the base year. Thus, there isn't anything which suggests the import data as per DGCIS is not correct.
- q) The exporters have claimed that the petition does not contain adequate evidence of dumping and/or injury to justify initiation and said that imports from subject countries have decreased. The contentions are denied as factually wrong. The base year of the injury period in the present case is 2012-13 and a comparison has to be made between the said base year and POI. The exporter has conveniently picked 2014-15, which is the immediate previous year, as the base year to say that imports have decreased. It can be seen that imports from subject countries increased over the base year in absolute terms. There were some spike in imports during 2014-15 as per the data and thereafter imports reduced in the POI. This doesn't show that the imports were negligible or imports decreased as interpreted by the exporter. Imports from subject countries were above the de-minimis thresholds at dumped prices as stipulated in the law and also have increased from a 2319 MT in the base year to 3501 MT in the POI which shows clear increases, thus, the claims of the exporter needs to be rejected. Since cumulative assessment is relevant in the present case, decline in imports from Turkey is insignificant. Nevertheless, imports from Turkey, which was much above the legal threshold of 3% of the total imports, was at dumped prices. Thus, imports from Turkey has also caused injury to the DI and have been included in the scope of present investigation very correctly.

- r) The exporters have claimed that the sale by DI remained almost same and the DI performed poorly when the demand was high. It may be noted in this regard that the sales by the DI remained sluggish because of the presence of dumped imports from subject countries. When the demand was highest in 2014-15, the share of dumped imports in demand was also highest at 69.50% which was 31% in the base year. As a result of the same, the share of DI dipped to 26.58% in 2014-15 from a 44% in the base year. Thus, the DI did not get the benefit of such increases in demand because of the presence of dumped imports.
- s) The exporters have contended that there is no co-relation between landed price of imports and sales price of DI and for this they have cited that the landed price have declined in the POI whereas selling price increased. It is to be noted here that the analogy by the exporter is not correct. Though the landed price declined, the landed price during the POI were creating positive price undercutting effects which shows the DI was forced to keep its price in line with the landed price of such dumped imports which has created adverse price effects on the performance of the DI which is seen on the losses suffered by the DI.
- t) It has been contended by the exporters that the domestic sales of the petitioner has not deteriorated drastically whereas export performance of the petitioner deteriorated drastically. It is submitted that the contention is not contextual to the claims of injury. The injuries claimed are concerning domestic operation only. Exports by the petitioner were very nominal and exports were not in losses. Thus, the contention of the exporters that injury is on account of decline in exports is not of any basis.
- u) The exporters have contended that the market share of the DI increased by the POI. It is to be noted in this regard that the market share of dumped imports has been about 48% which was higher than the DI. With such huge share of dumped imports in the Indian market, the DI could not achieve a fair price and share for its product and as a result suffered material injury. Thus, an increase in market share did not ensure overall positive performance of the DI.
- v) The exporters have contended that one of the main causes of injury is increased number of employees and wages. The contention is bereft of any truth. The level of employment marginally increased in line with the marginal increase in production. It is submitted in this regard that the DI has the potential to employ more if a fair situation is established in the market and the DI is able to run its plant at moderate levels. Also, productivity and wages per unit also showed improvement. However, the increases in wages over the years cannot be noted as abnormal and are as per the wage laws of the land. Thus, it cannot be said that the claimed injury are on account of any abnormal wages paid by the company or increases in employment. Also, it is baseless a

claim that the number of employees increased when the capacity remained the same. Employment is connected with the production and the company could have employed much more at this level of capacity utilization.

- w) It is contended by the exporters that the capacity utilization of the DI has increased. The claims are misleading. Even after minor increases in production, the capacity utilization remained at 56% during the POI which is a sub-optimal level and not a reasonable level given the demand for the product in India. The DI cannot sustain with such low level of Capacity Utilization.
- x) The exporters have assumed that price undercutting has been negative in the entire injury period. It is submitted in this regard that the presumption of the exporter is not correct. Price undercutting has been positive in the POI from subject countries.
- y) It is contended by the exporters that since the DI increased its capacity the DI does not face any issue on ability to raise capital investments. The contention is not factually correct. The DI did not increase the capacity and the capacity remained the same throughout. The DI cannot plan any future investments in a situation where dumping and injury is continuing unabated.
- z) It is contended by the exporters that one of the producers namely Balaji Amines Limited is doing well and for the said reason cost allocation between PUC and Non PUC should be examined. It is submitted that the apprehension of the exporter is out of place and the petitioners do not have any objection to any amount of scrutiny of data by the Authority. The basis of allocation of cost between PUC and Non PUC is done based on accepted principles and the insinuations of the exporter are not bonafide. Also, the AD scheme itself is product specific and what is relevant is the performance of the DI qua the like article and not the overall performance of the petitioner company.
- aa) The exporters have contended that 22% ROI for the purpose of NIP is not justified. We deny all the claims of the exporter as bereft of any merit. The DA has consistently been applying such practices in many cases and the facts of the present case also warrant such approach and at least 22% is essential. There are no judgments by any forum which says DA cannot apply 22% ROI for the purpose of NIP. On the contrary, the jurisprudence as interpreted by Hon'ble CESTAT remains that the practice of the DA applying 22% is consistent and nothing inappropriate in it is found.
- bb) With regard to Embassy of Turkey's claim that imports of subject goods have declined and there is no injury because of such import, it is submitted that reduction in import does not negate injury. Even after such decrease, the volume of imports from Turkey was about 18% in the total imports whereas the threshold as per the AD Agreement itself is only 3%. The imports from

Turkey were at dumped prices as well. Thus, imports from Turkey also contributed to injury to the domestic industry and the factual ingredients necessitate a cumulative assessment of injury in the present case.

EXAMINATION BY THE AUTHORITY

37. Article 3.1 of the WTO Agreement and Annexure-II of the AD Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

38. As regards the impact of the dumped imports on the domestic industry Rule 11 of AD Rules read with para (iv) of Annexure-II of the AD Rules states as follows.

“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 margin of dumping actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”

39. The injury analysis made by the Authority hereunder ipso facto addresses the various submissions made by the opposing interested parties and also domestic industry. However, certain specific submissions made by the interested parties have been addressed by the Authority as under :

- a) With regard to the contention that the petitioner has not brought about any substantive evidence to prove the condition for initiation of the Anti-Dumping Investigation, it is noted that the present investigations were initiated based on receipt of prima facie evidences to justify an initiation.
- b) With regard to the contention that the petitioner's application for an investigation and imposition of Anti-dumping measures on imports of DMAC

is short of legal and factual basis, it is noted that the case was initiated upon prima facie evaluation of the evidences furnished in the application.

- c) With regard to the contention that the claims of the Petitioner are contrary to the Published information and appear to be concocted and fabricated to show injury to the Petitioner, it is noted that the Authority considered only verified information concerning injury so far it is relevant for the subject goods.
- d) With regard to the submission that as per Turkey's dedicated code concerning the PUC, exports of subject goods to India has declined and in such a scenario, imports from Turkey are not a reason for increase in imports of PUC into India, it is noted that imports from Turkey remained at about 18% in total imports into India with positive dumping margin and in such a scenario investigation against Turkey was unavoidable as per the Law.
- e) With regard to the contention that India has always been enjoying a trade surplus against Turkey, which is ranged at 5-6 billion annually, it is noted that the present investigation has a limited scope of examining dumping of PUC and injury caused to the domestic industry producing the like article in India.
- f) With regard to the contention that no cumulative assessment should be done in the present case and a separate examination of impacts of imports from China and Turkey should be done, it is noted that cumulative assessment is justified in the present case for the reason elaborated at appropriate places in this disclosure statement.
- g) With regard to the contention that during the injury period the domestic industry has shown positive trends on various parameters and that the trend remained positive in terms of market share, sales, production, capacity, productivity, profits, investments etc, the examination of injury conducted in this disclosure statement ipso facto addresses the submissions.
- h) With regard to the contention that in view of no injury from imports from Turkey, the Indian Authority should act in line with Article 3.2 of the AD Agreement and Indian AD Laws which should lead to the termination of present case, it is noted that this issue has been dealt with appropriately in this disclosure statement at relevant places.
- i) With regard to the issue of inconsistency in the data filed by the Domestic industry at different stages, DI has contended that data filed during the initiation was for 15 months and the post initiation data was for POI which was for 18 months and on account of such change in period there was a change in the indexed data.

- j) Further, DI has contended that while filing the petition RCF treated sales to EOU as exports and accordingly the volume and value of such sales was treated as exports but subsequently all such sales to EOU were treated as domestic sales because it was treated so in the Cost Audit Report and therefore the effect of such change has been on the volume of sales and all price related parameters. It is noted that the explanation furnished by the DI appears plausible.
- k) As regards Balaji Amines the petitioner on their written submission agreed that there was a mistake on the part of the company on reporting capacity. The actual capacity throughout the injury period was 2,500 MT and evidence of the same was submitted to the Authority during the on the spot verification at the site of the company. As regards cost and price for the POI, the same was submitted provisionally at the time of initiation and currently the data is as per the verified data by the Authority.

Cumulative Assessment

- 40. Article 3.3 of WTO agreement and Annexure II para (iii) of the Anti-dumping Rules provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Authority will cumulatively assess the effect of such imports, in case it determines that:
 - a. *The margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent (or more) of the import of like article or where the export of individual countries is less than three percent, the imports collectively account for more than seven percent of the import of like article, and*
 - b. *Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.*
- 41. The Authority notes in this respect that:
 - a) The subject goods are being dumped into India from the subject countries. The margins of dumping from each of the subject countries are more than the de minimis limits prescribed under the Rules.
 - b) The volume of imports from each of the subject countries is individually more than 3% of the total volume of imports.
 - c) Cumulative assessment of the effects of imports is appropriate as the exports from the subject countries not only directly compete with the like articles

offered by each of them but also the like articles offered by the domestic industry in the Indian market.

- d) Decrease in imports from Turkey cannot be seen as factor to conduct separate analysis for Turkey. Even after such declines, imports from Turkey stood at significant levels and the imports from Turkey were also at dumped prices.

42. In view of the above, the Authority considers that it would be appropriate to assess injury to the domestic industry cumulatively from exports of the subject goods from the subject countries.

ii. VOLUME EFFECT OF THE DUMPED IMPORTS ON THE DOMESTIC INDUSTRY

a. Demand and market share

43. Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of like article by all the Indian Producers and imports from all sources. The Authority has considered imports into India as per DGCI&S transaction-wise import data to determine the volume and value of imports of PUC into India from all sources. The demand so assessed is given in the table below.

i) Demand

Particulars	Unit	2012-13	2013-14	2014-15	POI(Annua lised)
Demand	MT	7,458	8,041	9,915	7,912
Indexed	Trend	100	108	133	106
Imports from Subject Countries	MT	2,319	2,930	6,891	3,501
Imports from Other Countries	MT	1,854	1,930	389	648
Sales of Domestic Industry	MT	3,284	3,180	2,635	3,763

ii) Market Share of domestic industry and imports in Demand

44. Considering imports of subject goods from various sources and sales of subject goods of the Indian Producers, demand was determined and further market share of subject

imports, domestic industry and other imports in such demand in India was also examined and the factual position in this respect is as follows;

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Sales of Domestic Industry	%	44.04	39.56	26.58	47.55
Imports from Subject Countries	%	31.10	36.44	69.50	44.25
Imports from Other Country	%	24.86	24.00	3.92	8.19

45. It is seen from the above tables that demand for the product in the country in the POI has shown increase as compared to the base year but decline as compared to demand in the preceding two years . The market share of the domestic industry which was 44.04% in the base year declined to 26.58% in 2014-15 but increased again to 47.55 in the POI. The share of imports from subject countries witnessed increase from 31.10% in the base year to 44.25% in the POI. However, it was less compared to share of 69.50% in the preceding year.

b. Import volume and market share of subject countries

46. 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 volume of imports of the subject goods from the subject country has been analysed as under in this respect.
47. The Authority has examined the volume of imports of the subject goods as per the transaction wise import data provided by DGCI&S. On the basis of this import data on record, the import volume from each subject countries is found to be above the de-minimis levels. Imports volume from subject countries and other countries has been as under: -

Particulars		Unit	2012-13	2013-14	2014-15	POI (Annualised)
Volume	China PR	MT	654	1549	6344	2731
	Turkey	MT	1,666	1,381	547	770
	Subject Countries Total	MT	2,319	2,930	6,891	3,501
	Other countries	MT	1,854	1,930	389	648
	Total imports	MT	4,173	4,860	7,280	4,149
Market Share in Imports	China PR	%	15.66	31.88	87.14	65.83
	Turkey	%	39.91	28.41	7.52	18.55
	Subject Countries	%	55.58	60.29	94.66	84.38
	Other countries	%	44.42	39.71	5.34	15.62

48. The imports from subject countries which were 2,319 MT in the base year increased to 3,501 MT during the POI. However, it has witnessed significant decline from the import volume of 6891 MT in the immediate preceding year. Thus, there is no clear trend visible.
49. As regards unusual increase in imports during 2014-15, the petitioner has claimed that the PUC is used as a solvent as well as reactant in drug industry. The major consumption of DMAC is in a drugs called Cefuroxime Axetil produced by Aurobindo Pharma, Covalent Laboratories, Davis Laboratories, Orchid Chemicals etc. During the year 2014-15 there was an unusual demand for this antibiotic both in India and abroad and hence the demand for DMAC had grown significantly in that particular year and consequently imports of the PUC by these companies during the year 2014-15. The above argument of the petitioner was verified from the transaction wise DGCI&S data and it was found these pharmaceutical companies had imported *** MT of PUC in the year 2014-15 as compared to *** MT of imports in 2015-16.

c. Share of dumped imports in relation to production and consumption

50. The relevant information concerning share of dumped imports in relation to production and consumption is seen as follows;

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Imports from Subject Countries	MT	2,319	2,930	6,891	3,501
Production of domestic industry	MT	3,410	3,149	2,879	4,025
Imports from subject countries in relation to production of domestic industry.	%	68.01	93.05	239.35	87.00
Imports from subject countries in relation to consumption in India	%	31.10	36.44	69.50	44.25

51. It is noted that imports from subject countries increased in absolute terms and also in relation to production and consumption in India till 2014-15 and then registered decline.

i. PRICE EFFECT OF THE DUMPED IMPORTS ON THE DOMESTIC INDUSTRY

52. 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."

53. It has been examined whether there has been 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 suppression and price depression, if any. For the purpose of this analysis, the weighted average cost of production (COP), weighted average Net Sales Realization (NSR) of the domestic industry have been compared with the landed cost of imports from the subject countries at the appropriate sections below.

a) **Price Undercutting**

54. 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 with net sales realization of the domestic industry. In this regard, a comparison has been made between the landed value of the product 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 the ex-factory level. The domestic prices and margin of undercutting is shown as per the table below:

Particulars	Unit	China PR	Turkey	Subject Countries
Landed Value	Rs./KG	75.57	77.89	76.08
Net Sales realization	Rs./KG	***	***	***
Price Undercutting	Rs./KG	***	***	***
Price Undercutting	%	0-5	Negative	0-5

55. The authority notes that the price undercutting has been just marginally positive from subject countries in the POI.

b) **Price suppression/depression**

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

Particulars	Unit	2012-13	2013-14	2014-15	POI(Annualised)
Cost of production	Rs./KG	***	***	***	***
Trend	Indexed	100	111	136	129
Selling Price	Rs./KG	***	***	***	***
Trend	Indexed	100	111	114	103
Landed Value (Subject Countries)	Rs./KG	81.39	85.73	83.66	76.08
Trend	Indexed	100	105	103	93

57. It can be seen from the above table that the cost of production increased from 100 indexed points in the base year to 129 points in the POI, whereas the selling price moved from 100 indexed points in the base year to 103 indexed points in the POI. In the same period landed price of imports from subject countries declined from a 100 indexed points in the base year to 93 points in the POI which shows the domestic industry had reduced the selling price to match the landed value of imports from subject countries. Price suppression is evident due to the fact that the domestic industry could not increase its prices in proportion to increase in costs. Price depression is also evident during POI.

G. Economic parameters of the domestic industry

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

a. Capacity, Production & Capacity Utilization

59. Capacity, production and capacity utilization of the domestic industry over the injury period is given in the following table:-

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Capacity MT	MT	7,500	7,500	7,500	7,500
Production	MT	3,410	3,149	2,879	4,025
Capacity utilization	%	45.47	41.99	38.39	53.66

60. It is observed that capacity with the domestic industry remained the same throughout the injury period and production of the domestic industry and capacity utilisation increased during the injury period and also POI. It is however, noted that capacity utilisation even after increases has been at 53.66% which is claimed to be a sub-optimal level by the domestic industry.

61. It has been contended by the opposing parties that the domestic industry has admittedly changed the total capacity information subsequently at the time of written submission. The Authority has subjected the claims of the petitioner in this regard to scrutiny and verification and finds that the capacity set up by the domestic industry is 7500 MT per annum.

b. Sales volume and market share

62. Sales volume and market share of the domestic industry is as given in the following table:

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Domestic sales	MT	3,284	3,180	2,635	3,763
Demand	MT	7,458	8,041	9,915	7,912
Market Share of domestic industry in Demand	%	44.04	39.56	26.58	47.55

63. It is noted that sales of the domestic industry showed increases during the POI over the base year. It is, however, noted that the increases in market share of imports from subject countries has been higher than that of the domestic industry.

c. Inventories

64. The position of inventories noted as average stock with the domestic industry moved as follows;

	Units	2012-13	2013-14	2014-15	POI (Annualised)
Average Stock	MT	39	27	114	367

65. The Authority notes that the inventory level of the Domestic Industry has seen increase in the POI but it is equivalent to approximately one months' requirement.

d. Profit/Loss

66. The profitability of the domestic industry is given in the following table:

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
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Profits	Rs./Kg	***	***	***	***
Trend	Indexed	(100)	(167)	(2767)	(3284)
Profits	Rs Lacs	***	***	***	***
Trend	Indexed	(100)	(161)	(2220)	(3762)

67. It is noted that the domestic industry has been suffering financial losses concerning the subject goods and the losses were highest during the POI.

e. Return on capital employed

68. Information regarding return on capital employed is given in the table below;

	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Profit Before Interest and Tax	Rs Lacs	***	***	***	***
Capital Employed	Rs Lacs	***	***	***	***
Return on Capital Employed	%	***	***	***	***
Trend	Indexed	(100)	(53)	(4563)	(7775)

69. The Authority notes that return on capital employed of the domestic industry has been negative throughout the injury period including during the POI. Though the ROI was marginally negative in the base year, it has become significantly negative in the POI.

f. Cash Flow

70. Authority has examined the trends in cash profits in order to examine the impact of dumping on cash flow situation of the domestic industry. Information regarding cash profit of the domestic industry is given in the following table;

	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Cash Profits	Rs. Lacs	***	***	***	***
Trend	Indexed	100	139	(603)	(1,251)

71. It is seen that the cash profits of the domestic industry declined over the injury period and has been negative in the POI in comparison to the base year.

g. Factors affecting domestic prices

72. The examination of the import prices from the subject countries, 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, etc. shows that the selling prices have not witnessed increase in proportion to the increase in cost on account of declining import prices, thereby causing price suppression.

h. Productivity

73. Information regarding productivity is given in the table below;

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Productivity per employee	MT/Nos	***	***	***	***
Trend	Indexed	100	88	77	94
Productivity per day	MT/day	***	***	***	***
Trend	Indexed	100	92	84	118

74. It is noted that productivity of the domestic industry per employee marginally declined over the base year however the same increased over the immediate previous year.

i. Employment and Wages

75. Information regarding employment and wages is given in the table below;

Particulars	Unit	2012-13	2013-14	2014-15	POI (Annualised)
Employment	Nos.	***	***	***	***
Trend	Indexed	100	105	110	125
Wages	Rs/Kg	***	***	***	***
Trend	Indexed	100	104	137	128

76. It is noted that the employment level of the domestic industry has increased over the injury period and during the POI. Wages per kg has have also shown increases during the POI over the base year and decline over the immediate previous year.

j. Growth

77. It is noted that growth of the domestic industry has been negative in a number of core parameters. Such negative growth is visible when the demand for the product has shown consistent growth.

k. Ability to raise capital investment

78. The Authority notes that the domestic industry currently has the capacity to meet the Indian demand and question of ability to raise capital investment would be relevant for potential investments.

l. Level of dumping & dumping margin

79. It is noted that the imports from the subject countries are entering the Indian market at dumped prices and the margins of dumping are significant.

H. CONCLUSIONS ON INJURY

80. The dumping margin determined by the Authority is significant. Dumped imports have had adverse price effect in terms of price suppression. Effect of dumped imports has prevented the domestic industry from raising prices of the subject goods in line with increase in costs leading to financial losses.

81. With regard to consequent impact of the dumped imports on the domestic industry, it is noted that volume parameters such as production, sales and capacity utilisation have increased by the POI though the capacity utilisation remained at about 54% and inventories increased. In terms of price parameters, the domestic industry has suffered cash losses and associated profit parameters including ROCE has been negative. This needs to be seen in the light of price suppression created by dumped imports. Thus, dumped imports from the subject countries have adversely impacted the performance of the domestic industry in respect of profits, cash profits and return on investment etc.

I. MAGNITUDE OF INJURY AND INJURY MARGIN

82. The Authority has determined Non Injurious Price for the domestic industry on the basis of principles laid down in anti-dumping Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The NIP of the domestic industry has been determined plant wise and accordingly weighted average NIP has been worked out. The non-injurious price so determined has been

compared with the landed prices of imports from the subject countries to determine the injury margin as follows;

S.No	Country	Producer	Exporter	Non Injurious Price – US\$/MT	Landed price - US\$/MT	Injury Margin - US\$/MT	Injury Margin - %	Injury Margin Range - %
1	China PR	Henan Junhua Development Co., Ltd	Henan Junhua Development Co., Ltd	***	***	***	***	10-20
2	China PR	Zhejiang Jiangshan Chemical Co., Ltd	Zhejiang Jiangshan Chemical Co., Ltd	***	***	***	***	0-10
3	China PR	Any	Any	***	***	***	***	15-25
4	Turkey	Any	Any	***	***	***	***	0-10

J. CAUSAL LINK AND OTHER FACTORS

83. Following are the causal link related submissions made by the foreign producers/exporters/ users/ importers etc.;

- i. There was no dumping of products under consideration imported from the subject countries and imported products did not cause injury or injury threat to Indian domestic industry.
- ii. Injury, if any, is on account of increases in employment and wages.
- iii. Article 3.5 of AD Agreement indicates that any other cause of injury should not be attributed to imports. In the present case, there is a clear drop in the exports made by the petitioners. Also, increasing capacity also needs to be examined in the context of causal link.

84. Following are the causal link related submissions made by the domestic industry;

- i. Dumping is significant in the present case, domestic industry has suffered material injury and such injury is caused because of the dumping of subject goods from subject countries.

ii. While the non-attribution analysis provided in the petition establishes that injury to the Domestic Industry has not been caused by any such other factors, petitioners submits that the following parameters establish that the injury to the Domestic Industry has been caused by dumped imports.

- a) The price at which the product under consideration has been imported into India are below its normal value resulting in significant dumping margin;
- b) The landed prices from subject countries have declined during POI as compared to the previous year as well as base year creating price suppression effect on the domestic industry.
- c) Presence of imports at dumped price is preventing domestic industry to increase their price to the extent of increase in input cost, thus, imports are suppressing the selling prices of the domestic industry.
- d) Reduction in profits directly resulted in deterioration in return on capital employed and cash profits and both become negative. The domestic industry has not been able to cover the cost of capital.

85. The Authority has examined whether other factors listed under the Anti-dumping Rules could have contributed to injury to the domestic industry. The examination of causal link between dumping from subject countries and material injury to the domestic industry has been done as follows:

(a) Volume and prices of imports from third countries

86. The imports from the countries other than the subject countries are not significant in volume terms so as to cause or threaten to cause injury to the domestic industry. Imports from other countries were at high prices. Thus, it cannot be said that imports from other countries have been causing injury.

(b) Trade restrictive practices of and competition between the foreign and domestic producers

87. It is noted that there is a single market for the subject goods where dumped imports from the subject countries compete directly with the subject goods supplied by the domestic industry. It is also noted that the imported subject goods and domestically produced goods are like article and are used for similar applications/end uses. There is no evidence of trade restrictive practices and competition between the foreign producers and domestic producers causing injury to the domestic industry.

(c) Contraction of demand or Changes in the pattern of consumption

88. The Authority notes that demand for the product showed increase during the injury period and also during the POI. Thus, it can be concluded that the injury to the domestic industry was not due to contraction in demand.

(d) Development in Technology

89. None of the interested parties have furnished any evidence to demonstrate significant changes in technology that could have caused injury to the domestic industry.

(e) Export performance of Domestic Industry;

90. Claimed injury to the domestic industry is not on account of possible significant deterioration in export performance of the domestic industry. Therefore, any possible decline in export performance is not a cause of any injury.

(f) Productivity of the Domestic Industry

91. The Authority notes that the deterioration in productivity has not caused injury to the domestic industry.

(g) Performance of the domestic industry with respect to other products

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

K. FACTORS ESTABLISHING CAUSAL LINK

93. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has materially injured over the injury period and during the POI. The causal link between dumped imports and the injury to the domestic industry is established on the following grounds:
- a) Imports of the subject goods were at dumped prices;
 - b) Market share of dumped imports in demand has been about 44% during the POI which is reasonably significant percentage and the same has prevented the domestic industry from producing and selling more which it could have done in the absence of such dumped imports;
 - c) The domestic industry had significant unutilised capacity in the POI even though the demand had increased.
 - d) There have been suppressive effects on the domestic prices caused by the dumped imports from subject countries.

- e) The domestic industry's profitability and return on capital employed have been adversely affected.
- f) From the foregoing facts and analysis, the Authority notes that the domestic industry has suffered material injury caused by the dumped imports from the subject countries.

94. The above essential facts of the investigation gathered by the Designated Authority during the course of the investigations and analyzed by the Authority in the present disclosure statement were disclosed to the interested parties in order to enable these interested parties to offer their comments on these facts.

L. POST DISCLOSURE STATEMENT SUBMISSIONS BY THE INTERESTED PARTIES

95. The post disclosure submissions have been received from the interested parties. Majority of the issues raised therein have already been raised earlier during the investigation and also addressed appropriately. Additional submissions have been analysed as under:

Submissions made by the Domestic Industry

- i. The imports increased throughout the injury period and were higher than the base year during the POI and the decline in the POI was only vis-à-vis the immediate previous year during which some unusual spike in import took place due to some specific demand in pharma sector as understood. Thus, the import has witnessed an overall increasing trend, as apparent from a comparison between base year and the POI.
- ii. There is a mismatch between claimed Net fixed assets of one of the constituent of domestic industry and that allowed by the Authority.
- iii. While calculating working capital, the Authority has not allowed subsidy receivable from the Government and the inventory of bought-out products as current assets. Since the same is not allowed as current assets, it is requested that the Authority may consider total sales of the company net of subsidy and net of bought- out products.
- iv. The authority has considered cost of DMA with reasonable return as transfer price of intermediate. We request the Authority to take selling price as the transfer price for DMA. In case the company did not produce DMA, they were bound to purchase the same. Hence, the selling price must be taken as transfer price.
- v. In the POI the capacity utilization of the company was 92.52% which was best for the POI and previous three years. In spite of that, fixed expenses have been

normatted. It seems Authority has changed the allocation of expenses without giving any reasoning for the same.

EXAMINATION BY THE AUTHORITY

i) Return on Fixed assets has been re-examined and it has been observed that during the POI, DMAC plant of RCF Ltd was closed for 253 days. Similarly, during the POI, the DMAC plant of M/s Balaji Amines Ltd was also not in continuous operation and remained closed for some of the days in almost every month to avoid piling up of inventory. The cost of production of RCF has been considered based on the audited cost accounts records assuming that the idle time expenses have been suitably considered by the auditor. Return on Fixed assets have accordingly been re-examined as per the records maintained by the company.

ii) For M/s RCF Ltd, subsidy receivable from the Government and the inventory of bought-out products have not been allowed as current assets. Since the same has not been allowed as current assets, the total sales of the company has also been considered net of subsidy and net of bought- out products.

iii) M/s Balaji Amines Ltd is manufacturing DMA and using the same for captive consumption for the production of the PUC (i.e. DMAC). The cost of DMA has been considered as the transfer price and reasonable returns has been provided as per the consistent past practice followed by the Authority.

iv) In the POI, the capacity utilization of M/s Balaji Amines Ltd was 92.52%, which was the best for the POI and previous three years. Therefore, the same has been considered to work out per unit fixed cost as per Annexure III of the Anti-Dumping Rules.

Accordingly, based on above, the revised injury margin is as under:

S.No	Country	Producer	Exporter	Non Injurious Price - US\$/ MT	Land ed price - US\$/ MT	Injury Margin - US\$/ MT	Injury Margin - %	Injury Margin Range - %
1	China PR	Henan Junhua Development Co., Ltd	Henan Junhua Development Co., Ltd	***	***	***	***	10-20
2	China PR	Zhejiang Jiangshan Chemical Co., Ltd	Zhejiang Jiangshan Chemical Co., Ltd	***	***	***	***	0-10

3	China PR	Any	Any	***	***	***	***	15-25
4	Turkey	Any	Any	***	***	***	***	0-10

M. Indian industry's interest & other issues:

96. The Authority recognizes that the imposition of anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods. 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 Indian market, which is in the general interest of the country. Imposition of anti-dumping duties, therefore, would not affect the availability of the product to the consumers. The Authority notes that the imposition of the anti-dumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers. The consumers could still maintain two or even more sources of supply.

N. Recommendation

97. After examining the submissions made by the interested parties and issues raised therein; and considering the facts available on record, the Authority concludes that:
- a) The product under consideration has been exported to India from the subject countries below normal values.
 - b) The domestic industry has suffered material injury on account of dumped subject imports from subject countries.
98. The Authority notes that the investigation was initiated and it was notified to all the interested parties. Adequate opportunity was given to the exporters, importers and other interested parties to provide information on the aspects of dumping, injury and causal link. Having initiated and conducted an investigation into dumping, injury and the causal link thereof in terms of the Anti-Dumping Rules and having established positive dumping margin as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of anti-dumping duty is necessary to offset dumping and injury.
99. Having regard to the lesser duty rule, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, the anti-dumping duty equal

to the amount indicated in Column 8 of the table below is recommended to be imposed for a period of five (5) years by the Central Government on the imports of the subject goods originating in or exported from subject countries.

DUTY TABLE

Sl. No. (1)	Sub-heading (2)	Description of Goods (3)	Country of Origin (4)	Country of Export (5)	Producer (6)	Exporter (7)	Amount (8)	Unit (9)	Currency (10)
1	2924 19	Dimethyl acetamide (DMAC)	China PR	China PR	Henan Junhua Development Co., Ltd	Henan Junhua Development Co., Ltd	141	MT	US\$
2	2924 19	Dimethyl acetamide (DMAC)	China PR	China PR	Zhejiang Jiangshan Chemical Co., Ltd	Zhejiang Jiangshan Chemical Co., Ltd	87	MT	US\$
3	2924 19	Dimethyl acetamide (DMAC)	China PR	China PR	Any combination other than mentioned in Sl. No.1 &2 above		211	MT	US\$
4	2924 19	Dimethyl acetamide (DMAC)	China PR	Any country other than those subject to Anti-dumping Duty	Any	Any	211	MT	US\$
5	2924 19	Dimethyl acetamide (DMAC)	Any country other than those subject to Anti-dumping Duty	China PR	Any	Any	211	MT	US\$
6	2924 19	Dimethyl acetamide (DMAC)	Turkey	Turkey	Any	Any	48	MT	US\$
7	2924 19	Dimethyl acetamide (DMAC)	Turkey	Any country other than those subject to Anti-	Any	Any	48	MT	US\$

				dumping Duty					
8	2924 19	Dimethyl acetamide (DMAC)	Any country other than those subject to Anti- dumping Duty	Turkey	Any	Any	48	MT	US\$

*The customs classification is indicative only and not binding on the scope of this investigation.

100. 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 and includes all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the said Act.

Further Procedure

101. An appeal against the order of the Central Government arising out of this Final Findings Notification shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)
Additional Secretary & Designated Authority