

F. No. 7/17/2018-DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001.

Dated: the 25th May, 2018

To,
M/s Lupin Ltd.
(Through: International Trade Remedies & Practices (ITRP)
A-191, 2nd Floor, Right Side
Hari Nagar, New Delhi 110064)

Closure Order

Subject: Closure Order in respect of Application for Initiation of Sunset Review Investigation for continuation of Anti-Dumping Duty on imports of bulk drug Cefadroxil Monohydrate originating in or exported from European Union.

Whereas, 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 Lupin Ltd. (hereinafter also referred as 'Domestic Industry' or 'DI') has filed an application for initiation of Sunset Review investigation for continuation of existing Anti-Dumping Duty on imports of bulk drug Cefadroxil Monohydrate (hereinafter also referred as 'PUC') originating in or exported from European Union (hereinafter also referred as 'EU' or 'Subject Country'). The DI has prayed under Rule 23(1B) of the Rules that cessation of present anti-dumping duties is likely to lead to continuation or recurrence of dumping and injury. Thus, The DI presented in its petition that the decision for continuation and extension of duties rests on the likelihood of dumping and the likelihood of injury to the domestic industry.

2. Whereas, the Rule 23(1B) reads as, ".....any definitive antidumping duty levied under the Act, shall be effective for a period not exceeding five years from the date of its imposition, unless the designated authority comes to a conclusion, on a review initiated before that period on its own initiative or upon a **duly substantiated request made by or on behalf of the domestic industry** within a reasonable period of time prior to the expiry of that period, that the expiry of the said anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry." Therefore, the Designated Authority (DA) decided to give an opportunity of hearing to the applicant to present their case and substantiate their claim for initiation of sunset review investigation against the subject country. Further, the Authority allowed the Domestic Industry to substantiate with documentary evidence its claim of likelihood within 3 days of the hearing.
3. Whereas, the applicant availed the opportunity and appeared before the Designated Authority on 15.05.2018 along with their counsel. Further, post-hearing submissions were made by the applicant enclosing therewith a statement of details of the world-wide producers of bulk drug

Cefadroxil Monohydrate sourced from Newport Agency. It is also submitted by the DI that M/s DSM Sinochem is currently the active producer of the subject goods in both European Union as well as in China and the dumping margin from M/s DSM Sinochem China is much higher on the basis of the Chinese prices. It is further submitted by the applicant that after imposition of Anti-dumping Duty on imports from EU, M/s DSM has in a planned way, very conveniently started its exports to India from China PR.

4. **Lack of Reliable Evidence with respect to likelihood:** The Authority notes that the applicant has not been able to provide sufficient and satisfactory evidence with regard to the following PUC-related aspects necessary to establish likelihood to initiate sunset review investigation in terms of para (vii) to the Annexure-II to the Rules:

- a) Capacity, Consumption and Unutilized capacity in EU.
- b) Total Exports by EU to show its Export Orientation.
- c) Other absorbers of EU exports world-wide.
- d) The DI stated in its petition that World demand of the PUC is 450 MT, out of which demand in India is more than 50%. But, the DI could not provide any reliable evidence for the same.

5. **Case unfit on other relevant parameters:** The facts have been examined by the Authority and after due consideration decided that the case is not fit for initiation of sunset review investigation against the subject country on the following grounds:

- a) The demand of PUC has decreased world-over. In fact, the demand in India has also decreased by 19.25% over the injury period. Reduction in demand may be one of the reason which can be attributed to Injury to the applicant.
- b) Import from China (non-subject country not attracting ADD) has increased from 0% to 94% over the injury period. While the import from EU (subject country) has decreased from 100% to 6% over the same period. Considering this is an SSR application for imports of bulk drug Cefadroxil Monohydrate from European Union, the imports from the subject country only needs to be considered, as the country and the PUC can not be changed in an SSR case.
- c) As per the petition of the DI, import price of subject goods from China (non-subject country with 94% import) to India during the POI is significantly lower by about 20% than the import price from EU (subject country with merely 6% import).

6. Therefore, in view of para 4 and 5 above, the Authority decides that the case is not fit for initiation of sunset review investigation and hence closed.


25.5.18
(Sunil Kumar)

Additional Secretary & Designated Authority