

**F. No. 6/02/2025-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
IV Floor, Jeevan Tara Building 5, Parliament Street, New Delhi - 110 001**

Dated: 18th March 2025

INITIATION NOTIFICATION

Case No. AD (OI)-02/2025

Subject: Initiation of anti-dumping investigation concerning imports of "Flexible Slabstock Polyol" originating in or exported from China PR and Kingdom of Thailand - *reg.*

1. **F. No. 6/02/2025-DGTR** - An application has been filed by M/s Manali Petrochemicals Limited (hereinafter referred to as the 'applicant') before the Designated Authority (hereinafter referred to as the 'Authority'), in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred 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 referred to as the 'Rules'), for initiation of an anti-dumping investigation and imposition of anti-dumping duty on imports of Flexible Slabstock Polyol (hereinafter referred to as 'FSP' or 'subject goods' or 'product under consideration'), originating in or exported from China PR and Thailand (hereinafter referred to as the 'subject countries').
2. The applicant has alleged that injury is being caused to the domestic industry due to the alleged dumped imports of the product under consideration. Accordingly, the applicant has requested for the imposition of anti-dumping duty on imports of the subject goods from the subject countries.

A. PRODUCT UNDER CONSIDERATION

3. The product under consideration is "Flexible Slabstock Polyol", abbreviated as FSP. It is a clear viscous liquid polymer of molecular weight 3000-4000 manufactured by polymerization of propylene oxide and ethylene oxide with a triol chain starter. It is a polyether and on reaction with catalysts and additives, yields polyurethane foams which is used in upholstery, mattresses, pillows, bolsters, transport seating and packaging. The major raw materials used in the production process are propylene oxide and ethylene oxide.
4. The subject goods are classified under Chapter 39 *viz.*, "Plastics and articles thereof", of the Customs Tariff Act under heading 3907 and tariff item 3907 29 10 and 3907 29 90, with effect from 1st February 2022. Additionally, the product has also been imported under the sub heading 3907 20 for part of the injury period, i.e., 1st April 2021 to 31st January 2022. The customs classification is only indicative and is not binding on the scope of the product under consideration.

5. The applicant has not proposed any PCN at this stage. The parties to the present investigation may provide their comments, on the scope of the PUC and propose PCNs, if any, within 15 days from the date of initiation of this investigation.

B. LIKE ARTICLE

6. The applicant has claimed that the products produced by it are comparable in all material aspects, including the physical and chemical properties, applications and end uses, prices, etc. with the product under consideration imported from the subject countries. The customers use the products interchangeably.
7. Accordingly, it is noted that there are no known material differences in the article produced by the domestic industry and the product under consideration exported from the subject countries. The article produced by the domestic industry and the product under consideration imported from the subject countries are comparable in terms of physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The article manufactured by the domestic industry are technically and commercially substitutable with the product under consideration imported from the subject countries. Therefore, for the purpose of initiation of the present investigation, the article produced by the domestic industry has been considered as "like article" to the product under consideration being imported from the subject countries.

C. DOMESTIC INDUSTRY AND STANDING

8. Rule 2(b) defines domestic industry as follows:

"Domestic industry' means the domestic producers as a whole of the like article or domestic producers whose collective output of the said article constitutes a major proportion of the total domestic production of that article, except when such producers are related to the exporters or importers of the alleged dumped article, or are themselves importers thereof, in which case such producers shall be deemed not to form part of domestic industry."

9. The application has been filed by M/s Manali Petrochemicals Limited. The applicant is the sole producer of the like article in India. The applicant has submitted that it is not related to any exporters of the subject goods from the subject countries or importer of subject goods in India.
10. The Authority notes that the applicant accounts for 100% of the total Indian production of the subject goods. In view of the same, the Authority notes that the applicant constitutes eligible domestic industry in terms of Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

D. SUBJECT COUNTRIES

11. The subject countries for the present anti-dumping investigation are China PR and Kingdom of Thailand.

E. PERIOD OF INVESTIGATION

12. The period of investigation for the purpose of the present investigation is 1st October 2023 to 30th September 2024 (12 months). The injury investigation period will cover

the period 1st April 2021 to 31st March 2022, 1st April 2022 to 31st March 2023, 1st April 2023 to 31st March 2024 and the period of investigation.

F. BASIS FOR ALLEGED DUMPING

i. Normal value for China PR

13. The applicant has claimed that China PR should be treated as a non-market economy and that producers from China PR should be directed to demonstrate that market economy conditions prevail in the industry with regard to the production and sales of the subject goods. Unless the producers from China PR show that such market economy conditions prevail, their normal value should be determined in accordance with Para 7 of Annexure-I to the Rules.
14. The applicant has claimed that it did not have access to information with regard to prices or cost in an appropriate market economy third country, or price of exports from an appropriate market economy country to other countries. Accordingly, the applicant calculated the normal value for China PR based on the price payable in India, based on its cost of production plus reasonable profits.

ii. Normal value for Thailand

15. The applicant has claimed that it did not have access to any evidence of domestic selling price or information regarding actual cost of production of the producers in Thailand. Thus, the applicant calculated a normal value based on the price payable in India based on its own cost of production, with a reasonable addition of profits.
16. For the purpose of the present initiation, the Authority has considered the normal value as determined by the applicant for both of the subject countries.

iii. Export price

17. The export price of the subject goods has been determined by considering CIF price of the subject goods, as reported in the DGCI&S import data. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight and bank charges to arrive at ex-factory export price. There is sufficient evidence of export prices claimed for subject countries.

iv. Dumping margin

18. The normal value and export price of the subject goods have been compared at the ex-factory level, which *prima facie* shows that the dumping margin is above *de-minimis* level and is significant in respect of product under consideration from the subject countries. Thus, there is *prima facie* evidence that the product under consideration from subject countries is being dumped by the exporters in the Indian market.

G. INJURY AND CAUSAL LINK

19. The applicant has provided *prima facie* evidence establishing that the subject imports have caused injury to the domestic industry. The volume of imports has increased significantly over the injury period both in absolute terms and in relation to production and consumption in India. The price of the imports from the subject countries has declined significantly and the subject imports are undercutting and are suppressing and depressing the prices of the domestic industry. Further, the

subject imports are priced below the cost of the domestic industry and even lower than the raw material cost of the domestic industry. The production, capacity utilization and domestic sales of the domestic industry declined over the period, as a result of which its market share also declined. This has resulted in significant piling up of inventories. The domestic industry has claimed that the presence of dumped imports has resulted in significant financial losses, cash losses and negative return on investments.

20. Therefore, there is sufficient *prima facie* evidence that injury is being caused to the domestic industry by the dumped imports from the subject countries.

H. INITIATION OF ANTI-DUMPING INVESTIGATION

21. On the basis of the duly substantiated application filed by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted, substantiating dumping of the product under consideration from the subject countries, injury to the domestic industry and a causal link between such dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree, and effect of the dumping with respect of the product under consideration originating in or exported from the subject countries and to recommend the appropriate amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

I. PROCEDURE

22. The principles as given in Rule 6 of the Rules will be followed in the present investigation.

J. SUBMISSION OF INFORMATION

23. All communication should be sent to the Designated Authority *via* email at the email addresses <dir13-dgtr@gov.in> and <ad12-dgtr@gov.in> with a copy to <dir15-dgtr@gov.in> and <consultant-dgtr@nic.in>. It must be ensured that the narrative part of the submission is in searchable PDF/MS-Word format and data files are in MS-Excel format.
24. The known producers/exporters in the subject countries, the government of the subject countries through its embassy in India, and the importers and users in India who are known to be associated with the subject goods are being informed separately to enable them to file all the relevant information within the time limits mentioned in this initiation notification. All such information must be filed in the form and manner as prescribed by this initiation notification, the Rules, and the applicable trade notices issued by the Authority.
25. Any other interested party may also make a submission relevant to the present investigation in the form and manner as prescribed by this initiation notification, the Rules, and the applicable trade notices issued by the Authority within the time limits mentioned in this initiation notification.
26. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

27. Interested parties are further advised to regularly visit the official website of the Directorate General of Trade Remedies (<https://www.dgtr.gov.in>) for any updated information as well as further processes related to the investigation.

K. TIME LIMIT

28. Any information relating to the present investigation should be sent to the Designated Authority *via* email at the email <dir13-dgtr@gov.in> and <ad12-dgtr@gov.in> with a copy to <dir15-dgtr@gov.in> and <consultant-dgtr@nic.in> within 30 days from the date on which the non-confidential version of the application filed by or on behalf of the domestic industry would be circulated by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country as per Rule 6(4) of the AD Rules, 1995. If no information is received within the stipulated time limit or the information received is incomplete, the Authority may record its findings based on the facts available on record and in accordance with the Rules.
29. All the interested parties are hereby advised to intimate their interest (*including the nature of interest*) in the instant matter and file their questionnaire responses within the above time limit as stipulated in this notification.
30. Where an interested party seeks additional time for filing of submissions, it must demonstrate sufficient cause for such extension in terms of Rule 6(4) of the AD Rules, 1995 and such request must come within the time stipulated in this notification.

L. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

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

35. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons as to why such summarization is not possible, must be provided to the satisfaction of the Authority.
36. The interested parties can offer their comments on the issues of confidentiality claimed by the interested parties within 7 days from the date of circulation of the non-confidential version of the submission.
37. Any submission made without a meaningful non-confidential version thereof or a sufficient and adequate cause statement in terms of Rule 7 of the Rules, and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.
38. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.

M. INSPECTION OF PUBLIC FILE

39. A list of registered interested parties will be uploaded on the DGTRs website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties. Failure to circulate non-confidential version of submissions might lead to consideration of an interested part as non-cooperative.

N. NON-COOPERATION

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


(Darpan Jain)
Designated Authority