

F. No. 7/08/2024-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
IV Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi

Dated: 30th September, 2024

INITIATION NOTIFICATION

Case No. AD (SSR)-02/2024

Subject: Initiation of Second Sunset Review anti-dumping investigation concerning Anti-dumping duties on imports of “Sodium Citrate” originating in or exported from China PR - *reg.*

F. No. 7/08/2024-DGTR – Having regards 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 "AD Rules, 1995"), M/s Daffodil Pharmachem Private Limited (hereinafter referred to as the “applicant”), has filed an application before the Designated Authority (hereinafter referred to as the “Authority”) seeking initiation of Sunset Review investigation and the continuation of extant anti-dumping duties on imports of Sodium Citrate (hereinafter referred to as the “subject goods”, or “the product under consideration”), originating in or exported from China PR (hereinafter referred to as the “subject country”).

2. In terms of Section 9A(5) of the Act, the anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition, and the Authority is required to review whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury. In accordance with the same, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.

A. BACKGROUND OF PREVIOUS INVESTIGATIONS

3. The original anti-dumping investigation concerning imports of the subject goods from China PR was initiated by the Authority on 28.02.2014 *vide* F. No. 14/23/2013-DGAD. The final finding in the original investigation was issued by the Authority on 26.02.2015 recommending imposition of definitive anti-dumping duties on the imports of the subject goods originating in or exported from China PR. The aforesaid recommendation was accepted by the Central Government *vide* Notification No. 19/2015-Customs (ADD) dated 20.05.2015 and final anti-dumping duties were imposed on the subject goods originating in or exported from China PR.
4. The Authority initiated the first sunset review investigation *vide* Notification F. No. 7/21/2019-DGTR dated 25.10.2019. By way of its final findings dated 30.04.2020, the Authority recommended continuation of the anti-dumping duties as modified on imports of the subject goods from China PR for another period of 5 years which was subsequently

accepted by the Central Government and duties were continued *vide* Notification No. 8/2020-Customs (ADD) dated 19.05.2020 for a period of 5 years. The duties as extended with effect from 19.05.2020 for a period of 5 years are valid till 18.05.2025.

B. PRODUCT UNDER CONSIDERATION

5. The product under consideration (PUC) for the purpose of present investigation is “**Sodium Citrate**” (the “subject goods” or the “Product under Consideration”).
6. Sodium Citrate is a chemical compound that comes in the form of mono-sodium citrate, disodium citrate and tri-sodium citrate. Sodium Citrate is the sodium salt of citric acid. Like citric acid, it has a sour taste. Like other salts, it also has a salty taste.
7. Sodium Citrate is mainly used as an expectorant and a urine alkalinizer. It is also used as a pharmaceutical aid and as a food additive in dairy industries which cater to cheese manufacturing and beverages. It is also a water treatment chemical and a laboratory reagent.
8. As the present application is for initiation of a sunset review investigation, the scope of the PUC remains same as defined in the original investigation and in the subsequent sunset review investigation which is as follows;

3. The product under consideration for the purpose of present investigation is “Sodium Citrate” the “subject goods” or the “Product under Consideration”).

4. Sodium Citrate is a chemical compound that comes in the form of mono-sodium citrate, disodium citrate and tri-sodium citrate. Sodium Citrate is the sodium salt of citric acid. Like citric acid, it has a sour taste. Like other salts, it also has a salty taste. In DGAD’s Final Findings dated 26th February, 2015 of the original Anti-dumping investigation, the PUC had been defined as:

“The product under consideration for the purpose of present investigation is “Sodium Citrate”. Sodium Citrate is a chemical compound that comes in the form of monosodium citrate, disodium citrate and tri-sodium citrate. The product under consideration can also be transacted by the following alternate names: - a. Sodium Citrate, b. Tri Sodium Citrate, c. Tri Sodium Citrate dihydrate, d. Sodium Citrate dihydrate, e. Tribasic Sodium Citrate, f. Sodium Citrate Tribasic Dihydrate, g. Sodium Citrate Dibasic Sesquihydrate, h. Sodium Citrate Monobasic Bioextra”.

5. The present petition being for sunset review investigation, as per the settled jurisprudence and the past practices of the Authority, the Product under Consideration remains the same as defined in the original notification.

6. Subject goods fall under customs sub-heading 29181520. However, the said customs classifications are only indicative, and not binding on the scope of the proposed investigations. The description of goods shall prevail for the imposition and collection of duties.

C. LIKE ARTICLE

9. The applicant has claimed that there is no significant difference in the product produced by the domestic industry and the one exported from the subject country. The product produced by the domestic industry and imported from the subject country is comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, specifications, pricing, distribution & marketing, and tariff

classification of the goods. The two are technically and commercially substitutable and are used by consumers interchangeably. Further, the present application pertains to sunset review for the continued imposition of anti-dumping duties already in force. The issue of like article has already been examined by the Authority in the original investigation as well as in the previous sunset review investigation. The product produced by the domestic industry is noted as like article to the product under consideration produced and imported from the subject country.

D. DOMESTIC INDUSTRY AND STANDING

10. 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 "

11. The application has been filed by M/s Daffodil Pharmachem Private Limited. M/s Daffodil Pharmachem Private Limited was originally incorporated as M/s Posy Pharmachem Private Limited and M/s Posy Pharmachem Private Limited has been treated as domestic industry in the original investigation and also in the first sunset review investigation. It has also been submitted that the applicant themselves have not imported the subject goods nor are related to any of the exporters or imports of the subject goods from China PR.
12. Apart from the applicant, there are ten more other producers of the subject goods in India as identified in the application. Out of such ten other producers, two producers namely M/s India Phosphate and M/s Sunil Chemicals have expressly supported the application. It is noted that production by the applicant constitute a 'major proportion' in terms of Rule 2(b) of the Anti-dumping Rules, 1995.
13. In view of the same, the Authority considers that applicant constitutes eligible domestic industry within the meaning of Rule 2(b) of the Anti-dumping Rules, 1995 read with Rule 5(3).

E. SUBJECT COUNTRY

14. The subject country in the present sunset review investigation is China PR.

F. BASIS OF DUMPING AND CLAIMS OF LIKELIHOOD OF DUMPING

i. Normal Value

15. The petitioner has claimed that in terms of Article 15(a)(i) of China's Accession Protocol and Para 7 of the Annexure I to the AD Rules, the normal value of producers of China PR may be determined based on the costs or domestic selling prices prevailing in China PR only if the responding producers from China PR demonstrate that their cost and price information are based on market driven principles and allow for fair comparison in terms of paras 1 to 6 of Annexure-I to the AD Rules, failing which, normal value for the Chinese producers must be determined based on paras 7 and 8 of Annexure-I to the AD Rules.
16. Thereafter, the applicant has claimed normal value on the basis of the price in a market economy third country and as an alternative method, the price actually paid or payable in India, duly adjusted to include a reasonable profit margin have also been claimed. Applicant has submitted that they could not collect any evidences for constructed value in a market

economy third country or, the price from such a third country to other country, including India.

17. To substantiate the claim of normal value on the basis of the price in a market economy third country, applicant claimed that India has exported substantial volume of subject goods to USA and since the subject goods have dedicated classification, information on exports of subject goods to USA is also available as per DGCI&S. Such exports to USA at landed levels in USA would reflect the price in a market economy third country as envisaged in the Rule. The claim has been examined. It is noted that export price from India to USA alone may not reflect the import price of the product into USA as such and since USA have imported the subject goods from other sources also, the appropriateness of export price from India alone at landed levels in USA as the price in a market economy third country requires further examination. Also, the claim that USA would be an appropriate market economy third country for the subject goods from China PR needs further substantiation. Interested parties may comment on the claims of the applicant in this regard and pending any detailed examination, normal value at this stage is determined on an alternative basis.
18. Applicant has also claimed normal value in case of China PR on the basis of the price actually paid or payable in India, duly adjusted to include a reasonable profit margin. The normal value has been, therefore, constructed based on the best estimates of the cost of the production in India of the subject goods as available after adjusting the selling, general and administrative expenses with reasonable profit margin.

ii. Export Price

19. The applicants have claimed CIF export price based on import information on a summary basis published by DGCI&S since the product has as dedicated classification. The Authority has considered import price based on DG Systems data also to check the veracity of the information. Adjustments on account of Ocean Freight, Marine Insurance, Inland Freight, Documentation charges, Handling and Clearing charges and Credit Cost were made to arrive at ex-factory export price.

iii. Dumping Margin

20. The normal value and the export price have been compared at the ex-factory level, which *prima facie* establishes that the dumping margin is above the *de minimis* level with respect to the product under consideration imported from the subject country. Thus, there is sufficient *prima facie* evidence that the product under consideration from the subject country is being dumped in the domestic market by the exporters from the subject country.
21. Based on the normal value and the export price as computed, it is seen that the dumping margin is positive. Since the present investigation is a sunset review investigation, the Authority shall also determine likelihood of dumping after receipt of information and evidence from the interested parties. It has been submitted by the applicant that there is likelihood of dumping apart from current dumping. Applicant has cited excess capacity in China PR and trade defence measures against the exports of subject goods from China PR by various other countries like USA, EU, etc., as factors suggesting likelihood of dumping in the event of expiry of duties.

G. INJURY AND THE LIKELIHOOD OF CONTINUATION / RECURRENCE OF DUMPING AND INJURY

22. The volume of imports from the subject country has increased in absolute as well as in relative terms to consumption in India by the period of investigation (POI) over the base year. The market share of the applicant has declined in the POI as compared to base year despite an

increase in demand. Landed price of imports have been below the cost of the domestic industry and price suppression effects as well as price underselling is evident. Though, the volume parameters showed improvements by the POI, there has been an increase in inventory levels. The domestic industry was in financial losses during the POI and ROI also have been negative during the POI. It is contended that the domestic industry continued to suffer injury on account of continued dumped imports of subject goods from China PR.

23. The applicant has provided information on surplus capacities in the subject country, further freely disposable capacities and export orientation of the producers in the subject country, attractiveness of Indian market, imposition of trade remedial measures by other nations and likely injury due to these exports as basis to establish the likelihood of injury.
24. The information provided by the applicant, *prima facie*, shows recurrence of dumping from the subject country and the likelihood of injury to the domestic industry in case of expiry of the extant anti-dumping duties.

H. INITIATION OF SUNSET REVIEW INVESTIGATION

25. On the basis of the duly substantiated application of the applicant, and having satisfied itself on the basis of the *prima facie* evidence submitted by the applicant, substantiating the likelihood of continuation/ recurrence of dumping and injury, and in accordance with Section 9A(5) of the Act read with Rule 23(1B) of the Rules, the Authority hereby initiates a sunset review investigation to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject country and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

I. PERIOD OF INVESTIGATION (POI)

26. The period of investigation (POI) for the present investigation is 1st April 2023 to 31st March 2024 (12 months). The injury period for the investigation will cover the periods FY 2020-21, FY 2021-22, FY 2022-2023 and the period of investigation.

J. PROCEDURE

27. The present sunset review investigation will cover all aspects of the final findings published *vide* F. No. 7/21/2019-DGTR dated 30.04.2020 recommending the imposition of anti-dumping duties on the imports of the subject goods originating in or exported from the subject country.
28. The provisions of Rules 6, 7, 8, 9, 10, 11, 16, 17, 18, 19, and 20 of the AD Rules, 1995 shall be *mutatis mutandis* applicable in this review.

K. SUBMISSION OF INFORMATION

29. All communication should be sent to the Designated Authority via email at email addresses <dir13-dgtr@gov.in> and <dd19-dgtr@gov.in> with a copy to <adv11-dgtr@gov.in> and <consultant-dgtr@govcontractor.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.
30. The known producers/ exporters in the subject country, the government of the subject country through their embassies in India, 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 AD Rules, 1995 and the applicable trade notices issued by the Authority.

31. Any other interested party may also make submission relevant to the present investigation in the form and manner as prescribed by this initiation notification, the AD Rules, 1995 and the applicable trade notices issued by the Authority within the time limits mentioned in this initiation notification.
32. 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.
33. Interested parties are further directed to regularly visit the official website of the Directorate General of Trade Remedies (<https://www.dgtr.gov.in/>) to stay updated and apprised with the information as well further processes related to the investigation.

L. TIME LIMIT

34. Any information relating to the present investigation should be sent to the Authority via email at email addresses <dir13-dgtr@gov.in> and <dd19-dgtr@gov.in> with a copy to <adv11-dgtr@gov.in> and <consultant-dgtr@govcontractor.in> within 30 days from the date on which the non-confidential version of the application is circulated by the Authority 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 AD Rules, 1995.
35. 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.

M. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

36. Where any party to the present investigation makes confidential submissions or provides information on a confidential basis before the Authority, it is required to simultaneously submit a non-confidential version of such information in terms of Rule 7(2) of the AD Rules, 1995 and in accordance with the relevant trade notices issued by the Authority in this regard.
37. Such submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission which 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.
38. The non-confidential version of the information filed by the interested parties should essentially be a replica of the confidential version with the confidential information preferably indexed or blanked out (where indexation is not possible) and such information must be appropriately and adequately summarized depending upon the information on which confidentiality is claimed.
39. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons containing a sufficient and adequate explanation in terms of Rule 7 of the AD Rules, 1995 and appropriate trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.

40. The interested parties can offer their comments on the issues of confidentiality claimed by the other interested parties within 7 days of the receipt of the non-confidential version of the documents.
41. Any submission made without a meaningful non-confidential version thereof or without a sufficient and adequate cause statement in terms of Rule 7 of the AD Rules, 1995 and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.
42. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

N. INSPECTION OF PUBLIC FILE

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

O. NON-COOPERATION

44. 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 deemed fit.



(Darpan Jain)
Designated Authority