File No.14/08/2011-DGAD

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti Dumping & Allied Duties
Udyog Bhawan, New Delhi
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Dated the 22nd February, 2012

Initiation Notification

Subject: Initiation of anti-dumping investigation concerning imports of bulk drug Cefadroxil Monohydrate from the European Union-reg.

14/8/2011-DGAD - Whereas M/s Lupin Limited, Mumbai (herein after referred to as the applicant) has filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975, as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the Rules or the AD Rules), alleging dumping of bulk drug Cefadroxil Monohydrate (hereinafter referred to as the subject goods), originating in or exported from the member countries of the European Union (hereinafter referred to as "subject Territory") and requested the Authority for initiation of anti dumping investigation for levy of anti dumping duties on the subject goods.

And whereas, the Authority finds that sufficient prima facie evidence of dumping of the subject goods from the subject Territory; injury to the domestic industry; and causal link between dumping and the injury exists, and, therefore, hereby, initiates an anti dumping investigation into the alleged dumping of the subject goods from the subject Territory, and consequent injury to the domestic industry in terms of the Rules 5 of the Anti Dumping Rules, to determine the existence, degree and effect of any 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.

PRODUCT UNDER CONSIDERATION

The product under consideration in the present investigation is bulk drug Cefadroxil Monohydrate of all forms including USP and other Pharmacopeial grades, and salts of the drug, if any. Cefadroxil Monohydrate is a white to yellowish-white crystalline powder. It is soluble in water and is acid-stable. Bulk drug Cefadroxil Monohydrate is an active pharmaceutical ingredient used for the manufacturing of pharmaceutical formulations. This bulk drug is used to manufacture formulations, which are consumed by the patients on the prescription of the doctors. Single doses of 500 mg and 1000 mg are available as single dose or double dose per day. It is also available in the form of syrup. The drug is well absorbed orally. Bulk drug Cefadroxil Monohydrate falls under the group Oral Cephalosporins. Cephalosporins, in general, are broad spectrum bactericidal agents which inhibit bacterial cell wall synthesis. It is also used for urinary tract infections and skin infections. Bulk drug Cefadroxil Monohydrate is classified under Chapter Heading 29, Sub-heading No. 29420011 under the Customs Tariff Act, 1975. However, the customs classification is indicative only and in no way binding on the scope of the present investigation.

DOMESTIC INDUSTRY STANDING

The application has been filed by M/s Lupin Limited, Mumbai, and supported by M/s Aurobindo Pharma Ltd., Hyderabad. Based on the information on record, these two producers are the only producers of the subject goods in India at present. Further, based on the information on record, the Authority has ascertained that (a) production of the applicant constitutes a major proportion in Indian production during the period of investigation (POI); (b) the domestic producer expressly supporting the application account for more than 50 per cent of the total production of the like product produced by the domestic industry; and (c) the application has been made by or on behalf of the domestic industry.

The Authority, after examining the above, determines that the applicant constitutes domestic industry within the meaning of Rule 2 of the Anti Dumping Rules, and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

COUNTRY INVOLVED

The countries involved in the present investigation are the member countries of the European Union.

LIKE ARTICLE

The applicant has claimed that there are no known differences in the subject goods produced by the petitioner and exported from the European Union. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing, tariff classification, etc. The goods produced by the domestic industry are comparable to the imported goods from the subject Territory in terms of essential product properties. The goods offered by the domestic industry are like article to the goods imported from the member countries of the European Union. The Authority, prima facie, accepts the claim of the applicant and, therefore, for the purpose of present investigation, subject goods produced by the applicant are being treated as "like article" to the subject goods imported from subject Territory within the meaning of the Anti Dumping Rules.

NORMAL VALUE

The Authority notes that the applicant has claimed normal value of the subject goods in the subject Territory based on the price at which the exporter from one of the member subject countries of the subject Territory supplied the subject goods to a third country, after making adjustment on account of freight and insurance.

EXPORT PRICE

Export price of the subject goods from the subject Territory has been determined by considering transaction-wise import data collected from Secondary Sources. Adjustments have been made on account of ocean freight, marine insurance, commission, and port expenses in the exporting countries to arrive at ex-factory export price.

DUMPING MARGIN

Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject countries. There is sufficient prima facie evidence that the normal value of the subject goods in the member countries of the subject Territory is significantly higher than the ex-factory export price, indicating, prima facie, that the subject goods are being dumped into the Indian market by exporters from the member countries of the subject Territory.

INJURY AND CAUSAL LINK

The applicant has furnished information on various parameters relating to material injury, analysis of which shows that the imports from the subject Territory have broadly maintained their share at about 40% of the total demand whereas the performance of the domestic industry has deteriorated in terms of profitability, return on capital employed and cash profit. Level of price undercutting and underselling is significant. The domestic industry has, thus, suffered material injury. Analysis of the various economic parameters shows, prima facie, that domestic industry has suffered material injury from dumped imports from the subject Territory.

INITIATION OF ANTI DUMPING INVESTIGATIONS

The Authority, in view of the foregoing, initiates anti-dumping investigation into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the member countries of the European Union.

PERIOD OF INVESTIGATION

The period of investigation (POI) proposed by the applicant for the investigation is from 1st April, 2010 to 31st December, 2010 (9 months). However, the Authority has fixed the period of investigation from 1st April, 2010 to 30th September, 2011. Injury period includes the financial years 2007-2008, 2008-2009 and 2009-2010 and the period of investigation.

SUBMISSION OF INFORMATION

The exporters in the member countries of the subject Territory, their Governments through their Embassy in India, importers/users/Associations in India known to be concerned with this investigation and the domestic industry are being addressed **s**eparately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

The Designated Authority,
Directorate General of Anti Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce,
Government of India,
Udyog Bhavan,
Room No. 240,
New Delhi – 110011.

As per Rule 6(5) of the Rules supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation and to representative consumer organizations, who can furnish information relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

TIME LIMIT

Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days from the date of the Initiation Notification. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

SUBMISSION OF INFORMATION ON NON-CONFIDENTIAL BASIS

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reasons thereof, is required to be provided to the Authority. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Designated Authority may record findings on the basis of the facts available and make such recommendations to the Central Government as deemed fit.

INSPECTION OF PUBLIC FILE

In terms of Rule 6(7) of the Rules, the Designated Authority maintains a public file containing the non-confidential version of the evidence submitted by the interested parties. Any interested party may inspect the public file, if so desired.

(Smt. Vijaylaxmi Joshi)
Designated Authority