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Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti Dumping & Allied Duties)
No. 15/16/2009-DGAD

Date the 17th June 2011

**Final Findings
(Sunset Review)**

Sub: Sunset Review Investigation of anti-dumping duty imposed against imports of Sodium Formaldehyde Sulphoxylate (SFS) originating in or exported from China PR.

Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred to as Act) and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules);

A. BACKGROUND

2 WHEREAS, having regard to above Rules, the Designated Authority (hereinafter referred to as Authority) initiated an antidumping investigation on 28th Jan, 2005 into alleged dumping of Sodium Formaldehyde Sulphoxylate (SFS) originating in or exported from China PR and provisional antidumping duty was imposed on imports of Sodium Formaldehyde Sulphoxylate from China PR vide customs notification no. 95/2005-CUS dated 11th Nov 2005 on the basis of the preliminary findings of the Authority dated 26th Aug 2005. The final findings were notified vide notification dated 25th Jan 2006 and the Department of Revenue imposed definitive anti dumping duties on the subject goods from subject country vide notification no. 23/2006 -CUS dated 6th Mar 2006.

3 And whereas, the Act and the Rules require the Authority to conduct review of anti dumping duty earlier imposed. Hon'ble Delhi High Court has also held in WP No. 16893 of 2006 that sunset review is mandatory in order to determine whether cessation of the existing duty is likely to lead to the continuation or recurrence of dumping and injury. Therefore the Authority initiated a sunset review investigation vide notification dated 22nd June 2010 in accordance with Section 9A (5) of the Act read with Rule 23 of Antidumping Rules to review the need for continued imposition of duties in force and to examine whether the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury.

4. And whereas antidumping duty as notified vide Notification No. 23/2006 Customs dated 6th Mar 2006 was extended up to 21st June, 2011 vide notification

No. 114 /2010-Customs dated 1st November, 2010 in terms of Section 9(A)(5) of the Act.

B. GENERAL PROCEDURE

5 The procedure described below has been followed with regard to the investigation:

- i) In pursuance to the notification issued by the Designated Authority dated 22nd June 2010, the Designated Authority under the above Rules, received an application filed by Transpek-Silox Industry Limited, supported by Demosha Chemicals Pvt. Limited for the review, continuance and enhancement of anti dumping duty in force against dumping of Sodium Formaldehyde Sulphoxylate (SFS) in the Indian market by the producers and/or exporters from China PR.
- ii) The Authority forwarded a copy of the public notice to the known producers and/or exporters in the subject country and provided them opportunity to provide relevant information and make their views known in writing within forty days from the date of the letter in accordance with the Rule 6(2)
- iii) The Authority forwarded a copy of the public notice to all the known importers and/or consumers of subject goods in India and advised them to provide relevant information and make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(2).
- iv) The Authority provided copies of the non-confidential version of the application to the known producers and/or exporters and the Embassy of the subject country in accordance with Rules 6(3) supra. A copy of the non-confidential application was also made available for other interested parties, on request.
- v) The Authority sent a questionnaire to elicit relevant information to the government of subject country, including known exporters/producers in accordance with the Rule 6(4). However none of the exporters/producers from the subject country filed response to the questionnaire.
- vi) Questionnaire was sent to known importers or user for providing necessary information in accordance with Rule 6(4). The Authority provided opportunity to the industrial users of the product under consideration, to furnish information considered relevant to the investigation regarding dumping, injury and causality. However none of the importers filed response to the questionnaire
- vii) The Authority held a public hearing on 18th Jan 2011 to provide an opportunity to the interested parties to present relevant information orally, which was attended by Transpek-Silox Industry Limited, Demosha Chemicals Pvt. Limited and TPM Consultants (consultants for Transpek-Silox Industry Limited). The parties attending the public hearing were advised to file written submissions of the information presented orally. Designated Authority has considered these written submissions received from interested parties. However none of the producers/exporters or importers attended the public hearing and therefore has not

submitted the written submissions. The Authority held another public hearing on 30th March 2011 to provide another opportunity to the interested parties to present relevant information orally in accordance to Rule 6(6). It is noted that in this second hearing also, none of the interested parties except the domestic industry participated in the public hearing. Arguments raised and information/evidence provided by the interested parties during the course of the investigation, to that extent the same are considered relevant to the present investigation, have been appropriately considered by the Authority.

- viii) Arguments raised and information/evidence provided by domestic industry during the course of the investigation, to that extent the same are supported with evidence and considered relevant to the present investigation, shall be appropriately considered by the Authority in the findings.
- ix) The Authority during the course of investigation satisfied itself as to the accuracy of the information supplied upon which these findings are based. For that purpose, the Authority conducted on-the-spot verification of the domestic industry to the extent considered relevant and necessary. Additional/ supplementary details regarding injury were sought from the domestic industry, which were also received.
- x) In accordance with Rule 16 of the Rules supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received on the same have been considered in Final Findings.
- xi) The Authority made available non-confidential version of the evidence presented by domestic industry through a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).
- xii) Cost investigations were conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the applicant so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xiii) **** represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules on merits.
- xiv) Investigation was carried out for the period starting from 1st April 2009 to 31st March 2010 (12 months and has been referred to as the period of investigation (POI). The examination of trends in the context of injury analysis covered the periods 2006-07, 2007-08, 2008-09 and POI.
- xv) Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigations, or has significantly impeded the investigation, the Authority shall record findings on the basis of the facts available.

- xvi) Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has granted confidentiality, 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.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE:

6. The product under consideration in the present investigation is Sodium Formaldehyde Sulphoxylate (referred to as SFS or subject goods in the present investigation) originating in or exported from China PR (referred to as subject country in the present investigation).

VIEWS OF THE DOMESTIC INDUSTRY

7. Domestic industry has made following submissions:-

(i) The present investigation is for the review, enhancement and continuance of anti dumping duty in force against dumping of Sodium Formaldehyde Sulphoxylate in the Indian market by the producers and/or exporters of China PR.

(ii) Being a review investigation, product under consideration should be considered the same as has been in the original investigation.

(iii) The product under consideration in the present investigation is Sodium Formaldehyde Sulfoxylate. The complete description of the product including nomenclature, formula, description, grades, uses, packing, transport, classification, handling etc. in respect of the product under consideration being imported from the subject country is already examined by the Designated Authority in the original investigations and the relevant information is on record of the Designated Authority.

(iv) Sodium Formaldehyde Sulphoxylate (SFS) is mainly used as powerful discharging agent in textile printing. It can also be used as white discharging agent or colour discharging agent. In the rubber industry it is used as an activating agent in the production of styrene-butadiene rubber. It also finds uses in Food, Polymers, Pharmaceuticals and Miscellaneous industries.

(v) There is no known difference in Sodium Formaldehyde Sulphoxylate (SFS) exported from China PR and Sodium Formaldehyde Sulphoxylate (SFS) produced by the petitioner company. The goods produced by the domestic industry are like article to the goods imported from China PR. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc.

(vi) The goods produced by the domestic industry are like article within the meaning of anti dumping Rules.

VIEWS OF THE IMPORTERS, CONSUMERS, EXPORTERS AND OTHER INTERESTED PARTIES

8. None of the importers, consumers, exporters and other interested parties has filed any comment or submissions with regard to product under consideration, like articles and scope of the present investigations

EXAMINATION BY THE AUTHORITY

9 The product under consideration in the present investigation is Sodium Formaldehyde Sulphoxylate (referred to as SFS or subject goods in the present investigation) originating in or exported from China PR (referred to as subject country in the present investigation). The product under consideration is the same as considered in the original investigation.

10. Sodium Formaldehyde Sulphoxylate (SFS) is classified under Chapter 28 of the Customs Tariff Act, 1975 under sub-headings No 28311020. The Custom classification is, however, indicative only and not binding on the scope of investigations.

11 In the initiation notification, the scope of the product under consideration was specified as follows –

The product under consideration in the previous investigations and the present sunset review is Sodium Formaldehyde Sulphoxylate (SFS). It is an inorganic chemical, in the form of white chips, powder, rice- pea sized granules with slight characteristic odour. SFS is produced by chemical reaction of zinc dust, water and sulphur dioxide. There is no material difference in the different forms of the product. Production of different forms depends on the requirement of end application of the customer and different forms serve the same general purpose. Sodium Formaldehyde Sulphoxylate (SFS) is mainly used as powerful discharging agent in textile printing. It can also be used as white discharging agent or colour discharging agent. In the rubber industry it is used as an activating agent in the production of styrene-butadiene rubber. It also finds uses in food, polymers, pharmaceuticals and miscellaneous industries.

12 Having regard to the evidence of record and initiation notification, the Authority considers it appropriate to keep the scope of the product under consideration to the same as was kept before. The Authority therefore has defined the product under consideration as Sodium Formaldehyde Sulphoxylate (SFS).

13 In order to determine whether goods produced by the domestic industry can be considered like article to the goods produced and/or exported from the subject country, Designated Authority notes that the issue has been examined by the Designated Authority and no submissions has been received by the Designated Authority, opposing previous determination of the Authority. The Authority, on the basis of the examination, holds that the material produced by the domestic

industry is like article to the goods imported or produced in subject country within the meaning of the Rules.

D. DOMESTIC INDUSTRY

VIEWS OF THE DOMESTIC INDUSTRY

14. The Domestic industry made following submissions regarding domestic industry.

(i) The present petition was filed by M/s Transpek-Silox Industry Limited and supported by M/s. Demosha Chemicals Pvt. Limited. As regards the production of subject goods by TCP Limited, the petitioner submits that there has been insignificant production by the said company during the injury period.

(ii) The production of petitioner accounts for more than 50 per cent of the total Indian production (it was in fact about 65.6% of Indian production). Thus, petitioner accounts for “a major proportion in total Indian production”.

VIEWS OF THE EXPORTER, IMPORTERS, CONSUMERS AND OTHER INTERESTED PARTIES

15. None of the other interested parties filed any submissions in this regard.

EXAMINATION BY THE AUTHORITY

16. According to the Rule 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 related 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 only”

17. The production of the petitioner company constitutes a major proportion in the Indian production. Further, the petition was supported by M/s. Demosha Chemicals Pvt. Limited. Therefore, the petition is considered to have been made by the domestic industry within the meaning of Anti Dumping Rules.

18. Based on the Information available on records of the Designated Authority, petitioner and supporters account for major proportion of Indian production and constitute domestic industry within the meaning of the Rules.

E. OTHER ISSUES

VIEWS OF THE DOMESTIC INDUSTRY

19. The Domestic industry has submitted as under:-

(i) The petition was complete in all respect and adequate and accurate evidence was provided to the Authority post initiation.

(ii) None of the exporters have responded to the questionnaire issued by the Authority. Exporters should therefore be considered non-cooperative as per Rule 6(8) and the Authority should proceed according to the best information available.

(iii) Sodium Formaldehyde Sulphoxylate are reported to have been exported to India from China, Taiwan, Thailand, Indonesia, Germany and Russia in the year 2006-07 & 2007-08 and from Iran in the year 2008-09. The petitioner submits that the apart from India and China, there are only two countries who have manufacturing set up of the product under consideration, namely Europe and Taiwan. Therefore the imports to India from Thailand, Indonesia and Russia are mere case of transshipment because of the absence of manufacturing set up in these countries.

VIEWS OF THE EXPORTER, IMPORTERS, CONSUMERS AND OTHER INTERESTED PARTIES

20. None of exporter from subject country filed any response with regard to the present investigation.

EXAMINATION BY THE AUTHORITY:

21. The Designated Authority has noted the submissions made by interested party and issues have been examined under appropriate headings in this final finding in accordance with the Rules.

CALCULATION OF DUMPING AND DUMPING MARGIN

F. DUMPING MARGIN

VIEWS OF THE DOMESTIC INDUSTRY

22. The domestic industry has submitted as under:

(i) Petitioner claims that China should be treated as non market economy for the purpose of determination of normal value. Further, there is no claim from a Chinese producer or exporter for market economy treatment. None of the Chinese exporters have filed questionnaire response, nor claimed market economy treatment. Such being the case, question of applying para-8 of Annexure-I and considering whether the Chinese companies are entitled for market economy treatment does not arise.

(ii) In the original investigations, the Authority has not granted market economy treatment to any of the responding exporter from China PR.

(iii) The petitioner has treated Europe as an appropriate surrogate country in its petition. The Authority may consider treating Europe as an appropriate surrogate country. In the alternative, the Authority may consider India as an appropriate country for the purpose of determination of normal value .

(iv) There are no imports of the product under consideration in the current POI. In a situation where there are no continued imports, the Designated Authority shall come to a conclusion that there is no continued dumping. However, non existence of continued imports in POI does not imply a need for revocation of anti dumping duties. The same merely implies that the Designated Authority shall determine whether there is likelihood of recurrence of dumping. Petitioner has referred to the practices of other countries as well where anti dumping duties have been extended despite no exports in POI.

(v) Likelihood of recurrence of dumping is established from the following :

a) Even though there were no exports during the POI, there are exports during the injury period. Petitioner has determined dumping margin in respect of these exports and has claimed that these exports were at significant dumping prices.

b) There were exports of the product after the POI. These exports were also at significant dumping prices.

c) Exports of product under consideration from China to third country are at significantly dumping prices.

d) Considering the prices at which the Chinese producers have exported the product to India during the injury period and after the POI and considering the prices at which the Chinese producers have exported to India, the Chinese producers are likely to export the product to India at dumping prices.

e) Petitioner also referred to the practices of other investigating authorities, including the US practices wherein the US authorities conduct “expedited reviews” in certain situations and in particular when there is no or insufficient response from the foreign producers.

f) In the event of cessation of anti dumping duties, the landed price of imports from China PR are likely to be substantially lower than the selling price of the domestic industry, if the current anti dumping duties are not considered.

g) Exporters in China PR have built capacities far in excess of their domestic demand. This is established by significant exports from China PR to various other countries.

h) There is excess capacity available in China . Chinese producers with their surplus capacity can meet the entire demand in India in the event of

revocation of anti-dumping duties, and thereby would be capturing the entire market share of the domestic industry by offering the subject goods at dumped prices.

(vi) There is clear likelihood of recurrence of dumping by the Chinese producers or exporters in the event of cessation of anti dumping duties.

(vii) The petitioner has provided evidence of the price at which the subject goods have been sold in the domestic Chinese market and claimed that even though normal value should be determined in accordance with para-7 of Annexure-I, nevertheless this clearly established that the selling price in China (and hence the normal value) is significantly high and the normal value determined by the petitioner was at the best lower than these selling prices.

(viii) Imports of the product under consideration declined significantly after restrictions on circumvention through third countries. Petitioner referred to actions taken by Directorate of Revenue Intelligence in this regard. Efforts of the domestic industry to curtail circumvention led to substantial decline in imports and the performance of the domestic industry improved.

(ix) There were no imports of the product under consideration in the current investigation period. However, imports have been once again reported in very significant volumes in the month of January (80 MT) and February 2011 (120 MT). Considering gross demand of 7,000 MT in India, this volume of imports must be considered significant. Further, these imports have been reported at extremely low prices, thus showing significant dumping. Petitioner assessed dumping margin and injury margin in respect of these imports and claimed that both the dumping margin and injury margin are quite significant.

(x) Petitioner claimed that anti dumping duty imposed on the product were circumvented heavily by exports of the product from third countries which were not even manufacturing the product. Import data showed imports of the product under consideration from Thailand, Russia, Indonesia, etc. Communications were sent to the Embassies/Missions of these countries in India seeking relevant information with regard to production of the product under consideration in these countries. There has been no reply from any of these countries. Further, communications were sent to Directorate of Valuation, Ministry of Finance and Department of Revenue Intelligence (DRI). Imports of the product substantially declined thereafter. Petitioner claimed that this clearly showed likelihood of dumping in the event of revocation of anti dumping duties.

(xi) Subsequent to the disclosure statement, the domestic industry has reiterated submissions made by them earlier during investigations. With regard to likely dumping margin, they have submitted that import of subject goods (120 MT) have come post POI at a price of US\$1.13 which indicates likely dumping margin of more than 45%. They have also enclosed working of dumping margin on the basis of Chinese export price to other countries including India during Post POI which indicates dumping margin of approx 17%. In view of the above, they have

requested the Authority to consider post POI exports to India from China PR to work out likely dumping margin during subject review.

VIEWS OF THE OTHER INTERESTED PARTIES

23. None of exporter from subject country filed any response with regard to the present investigation.

EXAMINATION BY THE AUTHORITY

24. The Authority has noted arguments made by the domestic industry on the methodology for determination of dumping and likelihood thereof. The Authority notes that this being a sunset review investigation, the Authority is required to examine continuation and likelihood of continuation or recurrence of dumping in the event of withdrawal of duty.

G. CONTINUATION OR RECURRENCE OF DUMPING

25. The Authority sent copies of the questionnaire to all the known exporters for the purpose of determination of normal value in accordance with Section 9A(1)(c). No response has been received from any of the producer/exporters from China PR and importers in India on dumping and dumping margin. The Designated Authority, therefore, has no option but to proceed on the basis of best information available on record under Rule 6(8) of AD Rules for non-cooperative exporter which provides that:-

“In a 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 its findings on the basis of the facts available to it and make such recommendations to the Central Government as it deems fit under such circumstances”.

NORMAL VALUE

26. Under section 9A (1) (c) normal value in relation to an article means:

- (i) The comparable price, in the ordinary course of trade, for the like article, when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6), or
- (ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either

- (a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
- (b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);

The Authority notes that none of the Chinese producers have cooperated in the present investigation.

Para 7 of Annexure I of the AD Rules provides that

“In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

27. The applicant has claimed that normal value should be determined on the basis of the above provisions. The Authority invited comments from all interested parties in accordance with para 7 and 8 of Annexure I.

28. The Authority notes that China has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the AD Rules. As per Paragraph 8 of Annexure I of the AD Rules, the presumption of a non-market economy can be rebutted, if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) of Paragraph 8 and establish the facts to the contrary. However, none of exporters/producers of the subject goods in China have cooperated with the Authority nor provided any information and evidence as mentioned in sub-paragraph (3) of paragraph 8 to consider the following criteria as to whether-

- a) the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output,

sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;

- b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- d) the exchange rate conversions are carried out at the market rate.

29. The Authority notes that since none of the Chinese exporters have submitted questionnaire responses including the market economy questionnaire responses and sought to rebut the non-market economy presumption, the Authority is unable to consider whether one or more Chinese producers could be granted market economy status in the present case. The Authority is therefore constrained to proceed with para-7 of Annexure-I for determination of normal value in case of China.

30. The Authority notes that normal value can not be determined on the basis of price or constructed value in a market economy third country for the reason that the relevant information from a producer in that country is not available to the Authority.

31. In view of the above and in the absence of cooperation from Chinese producers, the Authority has considered it appropriate to determine normal value on “any other basis” and has constructed normal value in China on the basis of best estimates of cost of production.

H. METHODOLOGY ADOPTED FOR CONSTRUCTING NORMAL VALUE IN CASE OF CHINA

32. The Authority has constructed normal value for the producers in China on the following basis –

- (a) Prices of major inputs have been considered on the basis of international prices.
- (b) Consumption of raw materials per unit of production have been considered on the basis of verified consumption norms of the domestic industry.
- (c) Conversion costs have been considered on the basis of information/data of efficient producer of the domestic industry.
- (d) Selling, general & administrative costs (including interest costs) have been taken on the basis of information/data of efficient producer of the domestic industry.
- (e) Profit has been added @ 5% of ex-factory cost excluding interest.

I. EXPORT PRICE:

33. Under section 9A (1) (b) export price means:

“export price”, in relation to an article, means the price of the article exported from the exporting country or territory and in cases where there is not export price or where the export price is unreliable because of association or a compensatory arrangement between the exporter and the importer or a third party, the export price may be constructed on the basis of the price at which the imported articles are first resold to an independent buyer or if the article is not resold to an independent buyer, or not resold in the condition as imported, on such reasonable basis as may be determined in accordance with the rules made under sub-section (6);

34. The Authority sent questionnaires to all known exporters/producers for the purpose of determination of export price. None of the exporters/producers from subject country filed any information.

35. The Authority notes that there are no known imports of the product concerned from China PR during the POI. Therefore, dumping margin in respect of POI exports cannot be determined taking into account the actual imports into India during the POI.

J. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING –

DETERMINATION OF LIKELY HOOD OF CONTINUATION AND RECURRENCE OF DUMPING

36. It is noted that the present sunset review investigation has been initiated vide notification dated 22nd June 2010 in accordance with Section 9A (5) of the Act read with Rule 23 of Antidumping Rules to review the need for continued imposition of duties in force and to examine whether the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury. Thus, in a sunset review, the Authority is required to determine whether cessation of the existing duty is likely to lead to the continuation or recurrence of dumping and injury.

37. It is noted from preceding paragraph that dumping margin cannot be determined for review POI as there are no exports of subject goods during the POI. In view of the above, there is no continuation of dumping of subject goods during the POI in view of no imports of subject goods during the POI.

DETERMINATION OF LIKELY HOOD OF RECURRENCE OF DUMPING

EXAMINATION BY AUTHORITY

38. With regard to likelihood of recurrence of dumping, the Authority has relied upon the evidence available on record with regard to the price at which subject goods have been exported from China PR to a number of other countries during and after the POI. The Authority has also examined export price of subject goods exported to India after the POI. It is noted that subject goods have been exported from China PR to other countries during the POI and a statement of exports downloaded from World Trade Atlas indicates that they have exported 7378 MT of subject goods at a total value of US\$ 10.07 million at an average price of US\$ 1.37 per Kg. In the absence of the any exports into India during the POI, the likely export price and dumping margin on a likely hood basis has been determined as mentioned below in the table.

	Normal value (US\$/Kg)	Export price(US\$/Kg)	Dumping margin(US\$/Kg)	Dumping margin %
(I) Considering exports to third countries				
All Producers and Exporters	1.50	1.37	0.14	10.08

39. For the period post the POI, the likely dumping margin based on the exports to other countries during Jan- Dec 2010 is approx 17%.

40. In order to determine whether the continued imposition of the duty is necessary to offset dumping, the Authority, inter alia, considered the following parameters: -

- a) Likelihood of dumping considering the price at which goods have been exported to other countries during the POI and also during period immediately after the POI.
- b) Freely disposable present and potential capacities, prices prevailing in India, actual and potential volume of exports, export price from China PR to other countries.
- c) The quantity and rate at which the subject goods from China PR have come immediately after period of investigation.

41. On examination of these parameters, it is noted that

- a) None of the producers/exporters has responded in the present investigations. It has not been demonstrated that withdrawal of anti dumping duty would not lead to likelihood of dumping and injury to the domestic industry and continued imposition of the duty was unnecessary to offset dumping. The Authority has proceeded on the basis of best information available/facts available.
- b) It is noted that the producers in China PR have exported the subject goods to other countries at significantly lower prices than constructed normal value determined for the POI. The likely hood of dumping margin based on the

export price of SFS to other countries during the POI and also post the POI is significant. It is also noted from the records that positive dumping margin has been determined on subject goods by Chinese Taipei against China PR and anti dumping duty has been imposed on China PR. It is also noted from the records submitted by the domestic industry that SFS is sold in China PR at a price of US\$1.6/Kg. Further, from the records available with the Authority, it is noted that subject goods have been exported to India after the POI at prices of US\$ 1.13/Kg which indicates significant dumping margin.

- c) It is noted from the material on record that the producers in China PR have significant freely disposable capacities. Not only that the producer has significant unutilized capacities, but also that the producers are having significant exports to various countries. The capacity, production and demand of the subject goods in China PR as submitted by the domestic industry are as under.

S.No.	Particulars	Unit	2006	2011
1	Chinese Capacity	MT	19600	24600
2	Production	MT	14700	21000
3	Unutilized Capacity (difference figure)	MT	4900	3600
4	Chinese Capacity	MT	19600	24000
5	Chinese demand	MT	9100	13000
6	Freely disposable capacity in China PR	MT	10500	11000
7	Indian Demand	MT	7004	7004
8	% of surplus capacity of Indian demand	%	150	166
9	Unutilized Capacity	MT	4900	3600
10	% of unutilized capacity of Indian demand	MT	69.96	51.4

- d) From the records available with the Authority, it is noted that there are significant unutilized capacities in China PR. Additionally, the Chinese producers are exporting to a number of countries and therefore possibilities of diverting third country exports to India are not ruled out.

CONCLUSIONS ON LIKELY HOOD OF RECURRENCE OF DUMPING

42. On the basis of the above analysis, it is concluded that there is a significant likely hood of recurrence of dumping of subject goods from China PR.

LIKELYHOOD OF CONTINUATION OR RECURRENCE OF INJURY AND CAUSAL LINK

43. The Authority notes that this being a sunset review of antidumping duty already in force, continuation of material injury to the domestic industry, as well as likelihood of continuation or recurrence of material injury needs to be examined in the context of actual or likely imports of the subject goods from subject country.

VIEWS OF THE DOMESTIC INDUSTRY

44. The domestic industry has submitted that:

(i) The Authority is not required to restrict to the requirements of Article 3 of the ADA and Annexure-II to the Rules in a sunset review case and causal link in review investigations is not required to be examined. WTO decision in the matter of OTCG has been referred to and relied upon.

(ii) In a situation where the Designated Authority holds that there is no continued injury to the Domestic Industry, petitioner requests the Designated Authority to examine likelihood of recurrence of injury to the domestic industry in the event of expiry of the anti dumping duty in force. Though the Domestic Industry is showing positive performance due to the duty in force, there is a great likelihood of the recurrence of injury to the Domestic industry.

(iii) Injury to the domestic industry is likely to recur which is established by significant positive price undercutting, significant freely disposal capacities with Foreign Producers in the subject country, price attractiveness of Indian market (higher prices in the Indian market vis-à-vis other third country market), dumping in third country markets by the producers in subject country. Analysis of the data/information in the present case suggests that injury to the domestic industry is likely to recur in the event of revocation of anti dumping duties. In other words, both adverse volume injury and price injury to the domestic industry are likely in the event of revocation of anti dumping duties. Domestic Industry has quantified the potential volume injury and potential price injury that is likely in the event of expiry of the duty in force.

(iv) In the instant case, there is no volume effect on performance of the domestic industry as there is duty in force. However, there is likelihood of increase in imports in case of revocation of duty given (1) excess capacity in subject country, (2) price attractiveness of Indian market, (3) third country dumping.

(v) Present capacity with the Foreign Producers are already in excess of demand in the exporting country. Already capacities are unutilized. Further, fresh capacities are being added.

(vi) The influx of the exports of the subject country with respect to the subject goods and that too at dumped prices would force or compel the domestic industry to reduce the selling price of the subject good in the Indian domestic market, as an alternative to loss of sales.

(vii) Thus, it has been submitted that in the event of expiry of anti dumping duty, the domestic industry would have to choose between declining sales volumes and reduction in prices. Should the domestic industry prefer to match the prices, the price declines would be too significant.

(viii) Subsequent to the issuance of disclosure statement, the domestic industry has drawn the attention of the Authority towards their allegation of circumvention of anti dumping duties through countries not producing and countries producing SFS. They have again highlighted the attention of the authority with regard to imposition of significant anti dumping duties by Chinese Taipei on imports of SFS from China PR. They have also added that in view of the significant anti dumping duty, the Chinese producers would have to look for alternate markets. They have further added that significant imports prior to POI and post POI imports of subject goods from China PR at very low at dump prices, establish likelihood of dumping injury. It is also been added that the likely landed prices of imports are below the selling price of domestic industry and expiry of anti dumping duties would lead to significant price under cutting in the domestic market. Further, the likely landed prices of imports from China to third countries are below the non-injurious price of domestic industry which signify significant price under selling. They have added that the domestic industry suffered injury during the beginning of injury period in the presence of dumped imports in the market and performance of domestic industry improved as the dumped imports declined. The existence of injury in the presence of dumping and no injury in the absence of dumping establish likelihood of dumping and injury in the event of expiry of anti dumping duties. With regards to the quantum and form of duty, the domestic industry has submitted that the instant case being the sunset review investigation, the quantum of duty should remain same as has been recommended by the Designated Authority in the original investigation. On the quantum and form of duty, they have submitted the following:

- a) The case of domestic industry for extension of anti dumping duties is based on likelihood of dumping and injury and therefore the same quantum of anti dumping duty should be extended;
- b) Since there are no exports to India in the current dumping POI, either the quantum of anti dumping duty should be based on imports prior to or post dumping POI, or the Authority should extend the current anti dumping duties;
- c) While there are exports to third countries, these can be used only to ascertain whether the domestic industry is likely to suffer dumping and consequent injury in the event of cessation of anti dumping duties. These cannot be used to determine the quantum of anti dumping duties. Amongst other reasons, these are to those countries where there is no domestic production and price difference between exports to India and third countries clearly establishes that the export price to third countries does not establishes the likely dumping margin and injury margin in the event of cessation of anti dumping duties;
- d) The Rules provide for a determination of whether the anti dumping duties should be extended further. This implies a decision on whether or not to extend the duties further. While the Designated Authority in practice has also utilized this opportunity to modify the quantum of anti dumping duties, such opportunity is not available where the case is based on likelihood of dumping and injury.
- e) The practice being followed by third countries such as Canada, US and Europe is to decide whether or not to extend the anti dumping duties. These

countries do not at all alter the quantum of anti dumping duties even if there are very significant imports in the POI and the dumping margin & injury margin (EC) is quite lower than existing anti dumping duties.

- f) There is past precedence available wherein the Designated Authority has extended the same quantum of duty as has been recommended in their respective original investigations in spite of dumping margin in review cases being lower than what was determined in the original investigations. Some such known cases including a case from EU are as follows:

(i) Sunset review investigations in the matter relating to imports of Hexa Methylene Tetramine(Hexamine) originating in or exported from the Islamic Republic of Iran

(ii) Sunset review antidumping investigation into alleged dumping of Phenol originating in or exported from Singapore, South Africa and European Union.

(iii) Sunset Review Investigation against Imports of White Cement originating in and exported from UAE and Iran

(iv) COUNCIL IMPLEMENTING REGULATION (EU) No 1242/2010 of 20 December 2010 imposing a definitive anti-dumping duty on imports of synthetic fibre ropes originating in India following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009

- g) Given above, the domestic industry has requested the Authority to keep the quantum of anti dumping duty as same as has been determined during the original investigations.

VIEWS OF THE EXPORTER/ IMPORTER/OTHER INTERESTED PARTIES.

45. None of the other interested parties have advanced any arguments

EXAMINATION BY THE AUTHORITY

46. The Authority has taken note of various arguments raised by the domestic industry with regard to the material injury to the domestic industry.

47. The Authority has examined the submissions made by the domestic industry regarding the likelihood of recurrence of injury to the domestic industry in case of expiry of duty. It is noted that the present investigation has been initiated in terms of Section 9A(5) of Customs Tariff Act which requires the Authority to determine whether the duty is required to be continued for a further period of five years and to examine the degree and extent of likely dumping and injury and the need for continuation or revocation of duty based on the information provided and arguments raised by various interested parties during the course of the investigation. For the purpose of assessing current injury or continuation of injury

during the injury period, the Authority has examined the volume and price effects of dumped imports on the domestic industry.

K. ASSESSMENT OF DEMAND AND MARKET SHARE

48 For the purpose of determining the demand and market share, the Authority has considered sales of the domestic industry and imports from various sources. The demand of the product in India has been computed as the sum of domestic sales of the Indian Producers and known imports from various countries. The demand so assessed is shown in the following table.

		2006-07	2007-08	2008-09	2009-10
Subject Country-China PR	MT	20	200	20	0
Trend	Index	100	1000	100	0
Other Countries	MT	560	198	80	2
Sales of Domestic Industry	MT	3507	3390	3422	4597
Trend	Index	100	97	98	131
Sales of other producers	MT	1690	1520	1835	2405
Total Demand-excluding captive	MT	5777	5308	5357	7004
Trend	Index	100	92	93	121
Market Share in Demand					
Subject Country-China	%	0%	4%	0%	0%
Other Countries	%	10%	4%	1%	0%
Sales of Domestic Industry	%	61%	64%	64%	66%
Sales of other producers	%	29%	29%	34%	34%
Total Demand	%	100%	100%	100%	100%

49 It is noted that the demand of the subject goods has shown a positive trend during the injury period. The sales of the domestic industry have improved during the injury period.

VOLUME EFFECT

50. With regard to volume of the dumped imports, the Authority is required to consider whether there is significant actual or potential increase in dumped imports either in absolute terms or relative to production or consumption in India. Annexure II (ii) of the anti dumping rules provides as under:

“While examining the volume of dumped imports the said Authority shall consider whether there has been significant increase in the dumped imports either in absolute terms or relative in production or consumption in India”

51. ACTUAL VOLUME OF IMPORTS DURING THE PERIOD HAVE BEEN AS UNDER -

	Unit	2006-07	2007-08	2008-09	2009-10
Imports volume					
China PR	MT	20	200	20	-
Other Countries	MT	560	198	80	2
Total imports	MT				
Market share in imports					
China PR	%	3.45	50.25	20.00	-
Other Countries	%	96.55	49.75	80.00	100.00
Market share in Demand					
China PR	%	0.35	3.77	0.37	0.00
Other Countries	%	9.69	3.73	1.49	0.02

52. The Authority notes that the demand for the subject goods has shown a positive trend and increased significantly in the period of investigation as compared to the base year. The Authority notes that as compared to base year where the demand has increased by 21%, the sales of domestic industry have increased by 31%. On the other hand, no imports from the subject country have been recorded during the POI.

PRICE EFFECT

53. 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."

PRICE SUPPRESSION AND DEPRESSION DURING THE INJURY PERIOD

Particulars	Unit	2006-07	2007-08	2008-09	2009-10
Cost of sales	Rs/Kg	****	****	****	****
Trend	Indexed	100	92	86	86
Net sales realization	Rs/Kg	****	****	****	****

Trend	Indexed	100	98	116	118
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54. Price depression exists when the industry's prices are lower than the level of the previous period. Price suppression occurs when dumping prevents price increases that would otherwise take place due to increase in costs. The cost and price structure of the domestic industry show that the cost has decreased by about 22% over the base year whereas the prices of domestic industry have increased by 18%. Hence, the price suppression/ depression are missing as the cost of sales has declined whereas the selling prices have increased during the POI as compared to the base year.

55 In a sunset review investigation, it is required to be examined whether there was a significant adverse price effect by the dumped imports as compared with the price of the like product in India, or whether there is likelihood of significant adverse price effect in case of expiry of anti dumping duty.

56 The Authority further determined whether the domestic industry is likely to face price underselling in the event of expiry of anti dumping duties. For the purpose, the Authority has considered likely export prices from China PR as prices of subject goods from China PR to other countries and also the price at which subject goods have been imported into India from China PR immediately after the review POI and compared the same with the selling price of the domestic industry. The Authority notes that the likely price from China PR is significantly lower than the selling price of the domestic industry.

OTHER ECONOMIC PARAMETERS RELATING TO THE DOMESTIC INDUSTRY

57. Annexure II to the Rules requires that the determination of injury shall involve an object examination of the consequent impact of these imports on domestic producers of the subject goods. Further Annexure II (iv) of the Rules lays down 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 the margin of dumping; actual and potential negative effects on cash flow inventories, employment, wages, growth, ability to raise capital investments."

PRODUCTION, CAPACITY AND CAPACITY UTILIZATION, SALES

58. Production, sales, capacity & capacity utilization of the domestic industry moved as shown below.

Particulars	Unit	2006-	2007-	2008-	2009-
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		07	08	09	10
Installed capacity	Mt	8,000	8,000	10,500	10,500
Trend	Indexed	100	100	131	131
Production	Mt	6,273	8,020	7,876	9,518
Trend	Indexed	100	128	126	152
Capacity utilization	%	78%	100%	75%	91%
Trend	Indexed	100	128	96	116
Captive Transfer	MT	149	187	226	319
Trend	Indexed	100	126	152	215
Domestic sales	Mt	3,507	3,390	3,422	4,597
Trend	Indexed	100	97	98	131
Demand excluding captive consumption	Mt	5776	5308	5357	7004
Trend	Indexed	100	92	93	121
Sales as % of demand	Mt	61%	64%	64%	66%
Trend	Indexed	100	105	105	108

59. The Authority notes that the production and capacity utilization of the domestic industry have gone up during the POI over the injury period.

60. The domestic sales of the domestic industry of the subject goods have gone up in absolute terms and also in relation to demand/consumption of the product in India.

PROFITS, RETURN ON INVESTMENT AND CASH FLOW

61. Profits, return on investment and cash flow of the domestic industry has been examined as under:

Particulars	Unit	2006-07	2007-08	2008-09	2009-10
Profit before tax	Rs/Lacs	****	****	****	****
Trend	Indexed	(100)	(66)	21	33
Profit before interest and tax	Rs/Lacs	****	****	****	****
Trend	Indexed	(100)	(64)	27	39
Return on capital employed (NFA basis)	%	****	****	****	****

Trend	Indexed	(100)	(70)	23	24
Cash profit	Rs/Lacs	****	****	****	****
Trend	Indexed	(100)	(66)	27	42

62. The above data shows that the profitability has significantly improved in POI as compared to the base year.

EMPLOYMENT AND WAGES

63. The Authority notes that the constituent of the domestic industry is a multi product company; therefore, there may not be direct effect of dumping on employment levels of the domestic industry. Status of employment levels and wages of the domestic industry has been as under:

Particulars	Unit	2006-07	2007-08	2008-09	2009-10
Employment	Nos	****	****	****	****
Trend	Indexed	100	105	116	123
Wages	Rs/Lacs	****	****	****	****
Trend	Indexed	100	95	111	167

64. The Authority notes from the above that employment level of the domestic industry has shown improvement. Further, the level of wages has also increased during POI as compared to base year.

PRODUCTIVITY

65. The productivity of the domestic industry is given in the following table:

Particulars	Unit	2006-07	2007-08	2008-09	2009-10
Productivity per employee	Mt	****	****	****	****
Trend	Indexed	100	121	108	124
Productivity per day	Mt	****	****	****	****
Trend	Indexed	100	128	126	152

The Authority notes productivity has improved in tandem with production.

INVENTORIES

66. The Designated Authority has examined the inventory level of the domestic industry, which is given in the following table:-

Particulars	Unit	2006-07	2007-08	2008-09	2009-10
Average stock	MT	247	179	88	32
Trend	Indexed	100	72	36	13
Average stock in terms of No. of days sales	No. of days	26	19	9	3
Trend	Indexed	100	75	37	10

Based on the above, Authority notes that the inventory levels of the domestic industry have declined in the POI as compared to base year.

ABILITY TO RAISE CAPITAL INVESTMENT

67. It is noted that the ability to raise capital investment of the domestic industry has not been adversely affected given the anti dumping duty in force. The domestic industry has made fresh investments in products under consideration, given the imposition of anti-dumping duties and resultant check on dumping.

GROWTH

68. The Authority notes that Growth of the domestic industry during the POI as compared to the base year in terms of all the economic parameters like production, capacity utilization, domestic sales, market share, profits, cash profits and return on capital employed has been positive.

MAGNITUDE OF DUMPING

69. It is noted that there is no dumping of subject goods during the POI as there are no imports from subject countries.

FACTORS AFFECTING DOMESTIC PRICES

70. Change in cost structure if any, competition in the domestic industry have been examined for analyzing the factors other than dumped imports that might affecting the prices in the domestic market. It is noted with the anti dumping duty in place, there are no external factors affecting the prices of the domestic industry during the injury period of this review investigation.

MAGNITUDE OF INJURY AND INJURY MARGIN

71. As there is no export price of the subject goods from the subject country during the POI, no injury margin has been determined during the POI.

CONCLUSION ON CONTINUATION OR CURRENT INJURY TO THE DOMESTIC INDUSTRY

72. It is noted that growth of the domestic industry during the POI as compared to the base year in terms of all the economic parameters like production, capacity utilization, domestic sales, market share, profits, cash profits and return on capital employed has been positive. There is thus no adverse effect on the volume as well as price parameters of the domestic industry during the POI. In view of the above analysis of various injury parameters during injury period, it is noted that there is no continuation of injury to domestic industry during the POI.

OTHER KNOWN FACTORS AND CAUSAL LINK

73. The Authority has examined whether other listed known factors could have caused or are likely to cause injury to the domestic industry.

VOLUME AND PRICES OF IMPORTS FROM OTHER SOURCES

74. It is noted that the imports of the product under consideration from other countries are almost negligible and are nil during the POI.

CONTRACTION IN DEMAND AND / OR CHANGE IN PATTERN OF CONSUMPTION

75.. It is noted that the demand of the subject goods has not registered negative growth. Thus, contraction in demand is not a possible reason which could have contributed to injury to the domestic industry.

	Unit	2006-07	2007-08	2008-09	POI
Demand	MT	5777	5308	5357	7004

76. No evidence of change in consumption pattern has come to the notice of the Authority.

TRADE RESTRICTIVE PRACTICES OF AND COMPETITION BETWEEN THE FOREIGN AND DOMESTIC PRODUCERS

77. The subject goods are freely importable and there are no trade restrictive practices in the domestic market. The subject goods produced by the domestic producer compete among one another and at the same time compete with the landed price of the subject goods.

DEVELOPMENTS IN TECHNOLOGY

78. It is noted that the technology for production of the product has neither undergone any material change nor is likely to change in future. Developments in technology, therefore, do not appear to be a possible factor of injury. The petitioner is producing the product under consideration for the past several years. The technology adopted by domestic industry is comparable to the technology adopted by other players world-over. In fact, it has been submitted that technology for production is fairly matured, established and standardized, with little technological innovations and developments.

PRODUCTIVITY OF THE DOMESTIC INDUSTRY

79. It is noted that productivity of the domestic industry has shown a growth. Possible decline in productivity does not appear to be a cause of injury to the domestic industry.

LIKELIHOOD OF RECURRENCE OF INJURY

Examination by Authority

80. In addition to the examination of continued injury, likelihood of recurrence of injury to the domestic industry in the event of cessation of anti dumping duty in force has also been examined by the Authority on the basis of information and evidence presented by various interested parties during the course of the investigations. The Authority has also examined the likelihood of recurrence considering the parameters relating to the threat of material injury in terms of Annexure II (vii) of the Rules, which states as under:

“A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances, which would create a situation in which the dumping would cause injury, must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the Designated Authority shall consider, inter alia, such factors and;

- (a) a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.*
- (b) Sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports.*
- (c) Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports and,*

(d) *Inventories of the article being investigated.*

81. The domestic industry has submitted that the requirement under sunset review is to examine whether expiry of anti dumping duty is likely to lead to continuance or recurrence of injury to the domestic industry. It is noted that none of the exporters/producers from any of the subject country as well as any of the Indian importers/consumers have responded in this review investigation. The domestic industry has provided information regarding capacity, production and demand of subject goods of the exporting country based on best available information with them. Therefore, all such factors brought to the notice of the Authority, have been examined, to find if there is a likelihood of recurrence of injury in the event of expiry of the duty.

82. For examining the likely hood of recurrence of injury in the absence of any imports of subject goods from China PR during the POI, the Authority has taken into account exports of subject goods to other countries during the POI and also post POI from China PR. The Authority has also examined the landed prices of subject goods into India from China PR post POI. On the basis of examination of landed prices (taking into account prices to all other countries during POI and post POI) and non injurious price determined for the domestic industry during the same period, it is noted that the landed value of imports from the subject country without the antidumping duty were below the non injurious price determined for the domestic industry. The Authority has also examined the price at which the subject goods have been imported into India immediately after the POI and notes that there is significant price undercutting on account of imports of subject goods from China PR just after the POI and margin of price underselling is also significant.

83. In order to assess the likely effect of the expiry of measures in force, it has been submitted that the subject country have the potential to raise their production and export volumes. Further, it is likely that in absence of measures, the producer from subject country would adopt a policy of dumped prices, which could cause injury to the domestic industry, which has recovered and improvement has been shown due to the anti-dumping duty in place against dumped imports from subject country. The domestic industry has submitted various evidence regarding the likely volume of imports from subject country in a situation of expiry of duty and the likely prices at which such imports would be made and likely impact on the domestic industry due to such imports.

84. From the records available with the Authority, it is noted that upon the expiry of anti dumping duty on subject goods from China PR, exporters from subject country are likely to export the subject goods at dumped prices in the Indian market and producers in the subject country are likely to resort to higher volume of dumped exports of subject goods in the Indian market due to excess capacities in subject country and surplus available with them.

85. The Authority has examined the likely price effects of the subject goods imports into India from China PR in the event of cessation of anti dumping duty and notes that factors such as, the level of import prices of subject goods from

subject country to third countries, surplus/freely disposable capacities available with the exporting countries suggest that expiry of anti dumping duty on subject goods from China PR would likely to result in significant increase in volume of dumped imports from subject country. The volume of dumped imports is likely to increase further, upon the cessation of present anti dumping duties. Thus, it is noted that in the event of cessation of anti dumping duty, the likely hood of subject goods being imported at dumped prices and causing adverse price impact to domestic industry is very strong.

86. It is also noted that Chinese Taipei has already imposed anti dumping duty on SFS from China PR during 2010 and a copy of the same has been placed by domestic industry in the written submission following public hearing. The duty ranges from 14% to 28%. It is noted that imposition of anti dumping duty by Chinese Taipei could result into loss of market for Chinese producers of subject goods from China PR and there could be a likely hood of injury resulting from higher volume of imports of subject goods at dumped prices after the POI.

CONCLUSION ON LIKELY HOOD OF RECURRENCE OF INJURY

87. From the above analysis as mentioned in the preceding paragraphs, it is noted that upon the expiry of anti dumping duty on subject goods from subject country, there is a strong likely hood of recurrence of dumping of subject goods from China PR causing an adverse volume and price effect and there is strong possibility that domestic industry would be adversely impacted by large volume of dumped imports.

INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

88. The Authority recognizes that imposition of anti-dumping duties might affect the price level of product in India. However, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantage gained by dumping practices, would arrest the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods.

89. The Authority notes that 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 measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

CONCLUSIONS:

90. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in the above findings and on the basis of the above analysis of the likelihood of recurrence of dumping and consequent injury, the Authority concludes that:

- (i) The subject goods are likely to enter the Indian market at dumped prices if the anti-dumping duties in force ceases to operate.
- (ii) The situation of domestic industry is likely to deteriorate if the existing anti dumping duties are allowed to cease.
- (iii) The deterioration in the performance of the domestic industry is likely to be because of dumped imports from the subject countries.
- (iv) Thus the anti-dumping duties are required to be extended.

L. RECOMMENDATIONS:

91. Having concluded that there is likelihood of recurrence of dumping and injury, if the existing anti dumping duties are allowed to cease, the Authority is of the opinion that the measure is required to be extended in respect of imports from China PR.

92. Having examined the likelihood of dumping and injury to be imminent in case of expiry of the current measure in place, the Authority recommends continued imposition of Anti-Dumping Duty in place as recommended by the Authority vide Final Findings Notification No. 14/25/2004-DGAD dated 25.01.2006 published in the Gazette of India, Extraordinary, Part-I, Section-I and notified by the Central Government vide Notification No. 23/2006 -Custom dated 06.03.2006.

93. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

(Vijaylaxmi Joshi)

Designated Authority