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**Government of India
Ministry of Commerce & Industry
Directorate General of Anti-Dumping & Allied Duties**

Notification

Final Findings

26th April 2010

Subject: - Sunset Review Investigation of Anti-dumping duty imposed on imports of PVC Paste Resin originating in or exported from European Union – Final Findings.

No.15/27/2008-DGAD. – Whereas having regard to 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 Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as the AD Rules), the definitive anti-dumping duty was originally imposed vide notification No.104/2004-Customs, dated the 7th October 2004 on import of PVC Paste Resin (hereinafter referred to as subject goods) originating in or exported from European Union (hereinafter referred to as the subject country/territory).

B. BACKGROUND

2. And whereas, in view of the order of the Hon'ble Delhi High court in the matter of Indian Metal and Ferro Alloys Ltd V/s Designated Authority, Writ Petition (Civil) No. 16893 of 2006 and in accordance with Section 9 A (5) of the Act, read with Rule 23 of AD Rules, the Authority issued a public notice dated 31st March 2009, published in the Gazette of India, Extraordinary, initiating the sunset review investigation 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.

3. And whereas, antidumping duty as notified vide Notification No. 104/2004 dated 7th October 2004 was extended up to 6th July 2010 vide Customs notification No. 115/2009 dated 6th October 2009 in terms of Section 9(A)(5) of the Act.

C. PROCEDURE

4. In this proceeding, the procedure described herein-below has been followed:

- i. The Office of Delegation of European Union in India was informed about the initiation of the investigation, in accordance with Rule 6(2) of the AD Rules.

- ii. The Designated Authority sent copies of initiation notification dated 31st March 2009 to the Office of Delegation of European Union in India, known exporters from the subject territory, known importers and other interested parties, and the domestic industry, as per the information available with it. Parties to this investigation were requested to file the questionnaires' responses and make their views known in writing within the prescribed time limit. Copies of the letter and questionnaires sent to the exporters were also sent to the Office of Delegation of European Union in India along with a list of known exporters / producers with a request to advise the exporters/ producers from the subject territory to respond to the questionnaires within the prescribed time.
- iii. Questionnaires were sent to the following known exporters from the subject territory in accordance with Rule 6(4) of the AD Rules to elicit relevant information:

S.N.	Company's Name
1.	Vestolit GmbH & Co KG, <i>Denmark</i>
2.	EVC Business Centre, <i>UK</i>
3.	Vestolit GmbH & Co KG, Postfach, <i>Germany</i>
4.	Solvin SA, Brussels, <i>Belgium</i>
5.	Vinnolit, Ismaning, <i>Germany</i>
6.	Alscondel, Barcelona

None of the exporters/producers from the subject territory responded to the questionnaires in response to the above notification.

- iv. Questionnaires were sent to the following known importers, users and associations of the subject goods in India for necessary information in accordance with Rule 6(4) of the AD Rules:

S.N.	Company's Name
1.	Akzo Nobel Coatings India Pvt. Limited, Karnataka
2.	Alleppey Co Ltd., Kerala
3.	Anabond Essex India P Ltd, Chennai.
4.	Creative World, Mumbai
5.	D C Mills (P) Ltd, Kerala
6.	DRG Leather P Ltd, Kerala
7.	Eftec Shroff India LimIted, Mumbai
8.	Fenner Conveyor Belting Pvt Ltd, Tamil Nadu
9.	Fenoplast Ltd, Andhra Pradesh
10.	Halol Leather Cloth Ltd, Mumbai
11.	Henkel Teroson India (P)Ltd., Haryana
12.	Hindusthan Seals Ltd, Calcutta
13.	International Conveyore Ltd., Aurangabad
14.	Jasch Industries Ltd., New Delhi
15.	Kerafibertex International P Ltd., Cochin

16.	Kerala Balers Ltd, Kerala
17.	Mayur Uniquoters Ltd, Jaipur
18.	Oswal Cable Products, New Delhi
19.	Phiroze Sethna P Ltd., Mumbai
20.	Polmann India Ltd., Mumbai
21.	Polynova Industries Ltd., Goa
22.	Premier Polyfilm Ltd., New Delhi
23.	Roto Screentech Ltd., Rajkot
24.	Shivam Textiles, New Delhi
25.	Siel Tizit Ltd, Calcutta
26.	Sneha Vinyl Products P Ltd., Andhra Pardesh
27.	SRF Limited, Tamilnadu
28.	Texon Industries P Ltd., Chennai

S.N.	Association's Name
1.	Leather Cloth and Plastics Manufacturers Association (LCPMA), New Delhi

In response to the above notification, M/s Mayur Uniquoters limited and M/s Jasch Industries Ltd. filed their importer's questionnaire responses; whereas Leather Cloth and Plastics Manufacturers Association (LCPMA), an association of importers and users of the subject goods filed their submissions on the subject.

- v. In response to the initiation notification, M/s. Chemplast Sanmar Ltd., Chennai responded and filed their submissions along with information/data requesting for conducting the sunset review and, *inter alia*, sought extension of the anti dumping duties. The company submitted the information/data for undertaking the injury analysis. However, M/s Finolex Industries Ltd. did not respond to the initiation notification.
- vi. The imports data for the period of investigation and preceding three years was called from Directorate General of Commercial Intelligence and Statistics (DGCI&S).
- vii. The Authority made available non-confidential version of the information/data and evidence presented by the interested parties in the form of a public file kept open for inspection by the interested parties.
- viii. The Authority examined the information furnished by M/s. Chemplast Sanmar Ltd., Chennai to the extent possible on the basis of Generally Accepted Accounting Principles (GAAP) to analyze the injury suffered and to work out the cost of production, cost to make and sell the subject goods in India so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- ix. In accordance with Rule 6(6) of the AD Rules, the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 25th February 2010. The parties which presented their views in the public hearing were requested to file written submissions of the views

expressed orally. The arguments made in the written submissions/rejoinders received from the interested parties have been considered, wherever found relevant, in this finding.

- x. The period of investigation for the purpose of the present review is April 2008 – March 2009 (POI). However, injury analysis covered the periods April 2005-March 2006, April 2006-March 2007, April 2007-March 2008 and the POI.
- xi. In accordance with the Rule 16 of the AD Rules, the essential facts considered by the Authority were disclosed to the known interested parties. The comments received on the disclosure statement have been duly considered in these findings.
- xii. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide non-confidential version of the information filed on confidential basis.
- xiii. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded these findings on the basis of the ‘facts available’.
- xiv. *** In this notification represents information furnished by the interested parties on confidential basis and so considered by the Authority under the AD Rules.

D. Submissions of interested parties in response to the Disclosure Statement.

5. The following interested parties have responded to the Disclosure Statement:

1. M/s. Chemplast Sanmar Ltd., Chennai.
2. M/s. Mayur Uniquoters Limited, Jaipur; and
3. M/s. Leather Cloth & Plastics Manufacturers Association, New Delhi.

6. Submissions made by M/s Chemplast Sanmar Ltd

- The domestic industry has reiterated its previous submissions and has argued that the submissions made by opposing interested parties with regard to difference in suspension and paste PVC should be rejected.
- PVC paste Resin produced by the domestic industry is used both in top coat and foam coat. The company produces three grades of PVC Paste Resin, 120, 121 and 124. Leather cloth contains three layers and all three layers can be produced from 124 grade of petitioner product. Grade 120 is used in production of sealents etc and 121 is used where high strength is required viz. for leather cloth to be used for production of football etc. Therefore, the claim of opposing parties is incorrect. In brief, the domestic industry has reiterated their arguments on top coat and foam coat and has submitted that the claim of the interested parties on this account is without any basis.
- With regard to standing, petitioner submits that there are two producers of the product in the Indian market and the company account for a major proportion of total Indian production and the petitioner constitutes domestic industry within the meaning of the AD Rules.

7. **Submissions made by M/s Mayur Uniquoters Limited, Jaipur**

- It has been stated that they did not receive the copy of the Disclosure Statement in time and received it through letter from M/s. Leather Cloth & Plastics Manufacturers Association and hence desire the extension of time.
- It has been contended that the product manufactured and supplied by M/s. Chemplast Sanmar Ltd., Chennai to them and all the members of the Association are not PVC Resin (Emulsion Grade) but the PVC Resin.

8. **Examination by the Authority**

- The Authority notes that the Disclosure Statement was duly sent to all interested parties participating in the investigation including to M/s. Mayur Uniquoters Limited, Jaipur via speed post. Therefore, it is incorrect to state that the Disclosure Statement was not sent to M/s. Mayur Uniquoters Limited. The Authority further notes that due to time constraints to complete this investigation, it is not feasible to grant extension of time to any interested party at this late stage.
- The Authority notes that at the time of initiation of this investigation itself it was clarified that the ambit and scope of the investigation was PVC Paste Resin (Emulsion Grade). The Authority further notes that the scope of the investigation cannot be enhanced in a sunset review investigation.

9. **Submissions made by M/s. Leather Cloth & Plastics Manufacturers Association, New Delhi**

- It has been contended that the only difference between paste resin and suspension resin is their particle size. Otherwise, they are the same in their application, manufacturing, raw material cost and end products. PVC suspension resin is chemically the same as PVC paste resin, only their physical appearance is different.
- As regards *inter se* comparison of various grades of paste resin, it is incorrect to say that the molecular weight, air release property and theological behaviour of all the grades of paste resin are same. Different grades are meant for different applications and their variation is from zero to 400 dollars. They are meant for different products and different applications irrespective of suspension grade resin or paste grade resin.
- There is a monopoly in manufacturing of PVC paste resin.
- They import PVC Paste Resin of superior quality and they are forced to import minimum of 30% of premium quality of PVC paste resin for its top coat requirement.
- Imports are only 6% of Indian consumption and therefore, the finding that the dumped imports from EU are significantly undercutting the prices of domestic industries is wrong.

10. **Examination by the Authority**

- As regards the difference between paste resin and suspension resin, the Authority notes that except reiterating this submission, the association has not submitted any evidence to substantiate their claim. It is further noted that they have sought

extension of time of about two months for collection of relevant data to make a further effective representation before the Authority. The Authority, however, notes that this is a too belated request in the current proceedings. The Authority is required to complete the investigation within the time limits prescribed under the AD Rules. No evidence substantiating their claim has been provided by the Association till date. Moreover, acceptance of new facts after the issuance of the disclosure statement may require grant of opportunity to other interested parties as well. Thus, the Authority considers that due to time constraints to complete this investigation, it is not feasible to grant extension of time to any interested party.

- As regards submissions relating to inter se comparison of various grades of paste resin, no evidence substantiating their claim has been provided by the Association till date.
- The Authority notes that M/s Chemplast Sanmar Limited is not the sole producer of the subject goods. Besides, the users may have access to imported product as well but not at the dumped prices, as the objective of the anti-dumping duty is not to thwart the imports but to ensure that the dumped imports do not cause injury to the domestic industry.
- The quality claim too has not been substantiated by the Association.
- As regards the issue that imports are only 6% of Indian consumption; the Authority notes that in a sunset review investigation, the Authority may reach a conclusion of likelihood of dumping and consequent injury even though the subject goods may have not been imported during the POI. In any case, the imports are significantly above the volume de-minimis level and are causing material injury to the domestic industry as would be noted from the injury analysis.

E. Product under Consideration and Like Article

E.1. Submissions made by M/s. Chemplast Sanmar Ltd., Chennai

11. M/s. Chemplast Sanmar Ltd., Chennai has made the following submissions:

- (i) The product under investigation in the original investigation and present review is Poly Vinyl Chloride Paste Resin also known as Poly Vinyl Chloride Resin (Emulsion grade) or PVC Paste Resin. It is produced from Vinyl Chloride Monomer (VCM) and VCM is produced from EDC, which in turn require chlorine as major raw material. It is produced and sold in white/off white powder. It is produced in a number of grades, which differ in “K values”. Various grades are technically and commercially substitutable. It is used in the artificial leather (Rexene), coated fabrics, Tarpaulins, conveyor belting, Toys, Automotive sealant and adhesives etc.
- (ii) It is classified under subheading no 39042210 in the Customs Tariff Act though the imports have been cleared in a number of classifications.
- (iii) The Poly Vinyl Chloride (suspension grade) classified under 39042110 is different from the subject goods and is not included under product under consideration.
- (iv) The goods produced by the domestic industry are like article to the imported product. There is no known difference in PVC Paste Resin produced by the Indian industry and subject goods exported from subject country. The issue of product under consideration and like article was examined in detail by the Designated Authority in the original investigations and it has been held that the imported and domestic products are like article.

- (v) Present review investigation being a sunset review investigation, product under consideration remains the same as has been defined in the previous investigations.

E.2. Views of the importers, consumers, exporters and other interested parties

12. The following submissions have been made by Leather Cloth and Plastics Manufacturers Association (India):
 - (i) PVC Paste Resin is of two types, (A) Suspension Grade and (B) Emulsion /Paste Grade. The only difference between Emulsion & Suspension Grade is in respect of particle size.
 - (ii) Chemplast Sanmar is manufacturing both Suspension and Emulsion types of PVC Resin, but has applied for imposition of anti dumping duty only on Paste / Emulsion Grade, which is relatively small proportion of its total PVC Resin production.
 - (iii) The domestic industry manufactures only one grade i.e.124 which is used in the production of PVC Leather Cloth.
 - (iv) Chemplast's PVC Paste Resin is utilized by the members only for the Foam Coat whereas the consumers import PVC Paste Resin of superior quality, which is used for top coat. The requirement of PVC Paste Resin for top coat and foam coat is in the ratio of 30:70. Therefore, industry is forced to import minimum 30% of its requirement of top coat resin.
 - (v) Historically the difference in the prices of PVC Suspension and PVC Paste Grade is about Rs 10-12 per Kg. However today the price of PVC Suspension Grade is about Rs 58-60 per kg, while that of Emulsion Grade is Rs 80-85 Per kg, which has resulted in abnormal price differential of Rs 25-27 per kg.
 - (vi) Imposition of Anti Dumping duty on PVC Paste Resin will further distort the price structure of PVC Paste Resin vis-à-vis PVC Suspension Resin. The additional cost involved in the manufacture of PVC Paste resin as compared with PVC Suspension grade is only about Rs 6-7 per kg.
13. No other interested party has filed any submissions in the instant matter.

E.3. Examination by the Authority

14. The Authority notes that the product under consideration in the original case was "Poly Vinyl Chloride Paste Resin' also called as Emulsion PVC Resin and also referred to as PVC Paste Resin. The product under consideration (also referred to as the subject goods) remains the same for the purposes of the present Sunset Review investigation.
15. The PVC Paste Resin is produced from Vinyl Chloride Monomer (VCM). VCM is produced using EDC, which in turn requires chlorine as one of the major products. The subject goods is produced and sold in the form of white/off-white powder. The properties of the product are described in terms of K value, inherent viscosity, particle size retention, heat loss, initial BFB etc. All grades of the subject goods are subject matter of present investigation and are within the scope of product under consideration. Common applications of PVC Paste Resin are artificial leather, Rexene, coated fabrics, tarpaulins, conveyer beltings, toys, automotive sealant,

adhesives etc. The subject goods are processed at consumer end, by mixing liquid plasticizers like DOP to form free flowing mixtures.

16. The subject goods are classified under subheading no 39042210 in the Customs Tariff Act. M/s. Chemplast Sanmar Ltd. has claimed that the imports have been cleared under a number of classifications as well.
17. With regard to Poly Vinyl Chloride (suspension grade) classified under 39042110, the Authority notes that the difference and similarities between suspension grade PVC and paste grade PVC were examined by the Authority in detail at the time of original investigation. No fresh evidence has been provided by any interested party warranting the review of the conclusion earlier made by the Authority in this regard. In response to the disclosure statement, Leather Cloth and Plastics Manufacturers Association have sought extension of time to substantiate their contentions. The Authority, however, notes that this is a too belated request in the current proceedings. The Authority is required to complete the investigation within the time limits prescribed under the AD Rules. No evidence substantiating their claim has been provided by the Association. Moreover, acceptance of new facts after the issuance of the disclosure statement may require granting of opportunity to the other interested parties and verification of information/evidence provided by the interested parties. It is also relevant to note that the present investigation is in the nature of sunset review investigation and the interested parties had made detailed submissions at the time of original investigation, claiming suspension and paste PVC resin as a different product. The Authority, however, did not find the two as one article. It is also relevant to note that the Authority had earlier conducted investigation into dumping of PVC suspension resin, wherein the scope was restricted to PVC suspension resin only. In any case, the Association could have submitted the relevant evidence to support their contentions during the year long process of investigation. As the claims of the Association remain unsubstantiated, the Authority is of the view that PVC suspension grade resin is a different product and is not within the scope of the product under consideration.
18. With regard to the argument that the paste PVC resin can be used for top coat and foam coat and that the domestic industry produces only one type of paste PVC resin; the Authority notes that while advancing this argument, the interested parties have provided no evidence to substantiate their claim. The interested parties have not established that the different grades of PVC paste resin or PVC paste resin produced by the domestic industry and imported from the subject territory are not comparable on the basis of physical and chemical characteristics, manufacturing process, functions and uses, product specifications, pricing, customs classification, etc. The domestic industry on the contrary has contended that the same grade produced and supplied by them is used by these consumers for both top and foam coat. The domestic industry has further contended that in fact there are three layers of leather cloth, top coat, base coat and form coat and all the three coats are prepared by the consumers using the same grade of PVC paste resin supplied by the domestic industry. Besides this, it has also been contended by the interested parties that the domestic industry does not supply grades comparable to the imported grades but have not substantiated their claim. It is noted in this regard that similar contentions were made at the time of original investigation as well but the Authority did not find sufficient justification to exclude the grades from the scope of the investigation.

19. The Authority notes that the present investigation is in the nature of sunset review investigation and therefore the scope of the product under consideration would normally remain the same as was in the original investigation, unless an interested party establishes the need to restrict the scope of the product under consideration. The Authority notes that though product PVC paste resin has a number of grades and sub-types, all of whom have similar physical and chemical characteristics and end uses; even though specifications in terms of K values and other parameters are controlled by the manufacturers to produce these grades. No material evidence has been placed by any interested party to establish that these different grades are not like articles to each other. The Authority also notes that the submission of the interested parties is based on the contention that the domestic industry does not produce some grades. It has, however, not been established that these grades are not alike to the grades produced in respect of their physical and chemical characteristics and technical and commercial substitutability.
20. The Authority thus notes that PVC resin of different grades are being imported into India and the interested parties have not placed any evidence on record to establish that the different grades of PVC resins are different products and are not technically and commercially substitutable. Therefore, the Authority does not find any merit in the contentions of the interested parties for exclusion of these grades. Thus, the Authority holds that the goods produced by the domestic industry are like articles to the imported subject goods.

F. Standing and scope of the Domestic Industry

F.1. Submissions made by M/s. Chemplast Sanmar Ltd., Chennai

21. M/s Chemplast Sanmar Ltd. is a major producer of the subject goods in India, as it commands 78.97 % of the Indian production. The company satisfies the requirement of 'standing' and constitutes 'domestic industry' within the meaning of the AD Rules.

F.2. Submissions made by the importers, consumers, exporters and other interested parties

22. The submissions have been filed by Leather Cloth and Plastics Manufacturers Association (LCMPA) (India). No other interested party has filed any submissions. None of the interested parties have made any submission in respect of 'domestic industry'.
23. M/s LCMPA (India) has, *inter alia*, contended that there is only one producer of subject goods in India.

F.3. Examination by the Authority

24. At the time of the initiation of this review investigation, Rule 2(b) of the AD Rules read as follows:-

"(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”:

However, the Rule 2(b) of the AD Rules has recently been amended to read as:

“(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”

25. In the present review investigation, M/s Chemplast Sanmar Ltd. has responded to the initiation notification. The Authority notes that M/s Chemplast Sanmar Ltd. is a major producer of the subject goods in India as it accounts for 78.97% of total Indian production. Therefore, M/s Chemplast Sanmar Ltd satisfies the requirement of 'standing' and constitutes 'domestic industry' within the meaning of the AD Rules.

G. Dumping Determination

Normal Value

G.1. Submissions made by the Domestic Industry

26. It has been contended by the domestic industry that the producers from EU are dumping the subject goods in India. Efforts were made by them to obtain information about the prices of PVC Paste/Emulsion Resin prevailing in the domestic market in European Union; but no reasonable, authentic and accurate information could be obtained by them about the actual transaction-wise selling price of the subject goods (between a producer and wholesaler dealer/distributor) in their domestic market.
27. Efforts were also made by them to trace the prices of the subject goods in published journals. “Vinyl Chloride” from Harriman Chemsult Limited is an internationally acknowledged, widely relied upon authentic journal in this trade and that they have been able to get information about the prices in domestic market of subject country based on this journal.
28. In view of the same, the Normal value in subject territory has been estimated on the basis of the prices reported by this journal.

G.2. Submissions made by the Exporters/Importers/Other interested parties

29. None of the exporter or producer has filed the questionnaire response in the form and manner prescribed. M/s Chemplast Sanmar Ltd has, *inter alia*, contended that the dumping margin should be based on the domestic selling prices in EU; while the

Leather Cloth and Plastics Manufacturers Association has submitted that it would not be appropriate to determine the Normal value based on the prices published in journal “Vinyl Chloride” from Harriman Chemsult Limited.

G.3. Examination by the Authority

30. None of the exporters/producers in EU has cooperated with the Authority in this investigation. In view of non-cooperation by the exporters/producers in EU, the Authority has considered information and facts available on record. The Authority notes the claim of the domestic industry that efforts were made by them to obtain information about the prices of subject goods prevailing in the domestic market of EU, but no reasonable, authentic and accurate information could be obtained by them about the actual transaction-selling price of subject goods in their domestic market.

In view of the non-co-operation from the exporters/producers in EU, the Authority has constructed the Normal value. For this purpose, the Authority notes that though the prices of the subject goods are regularly published in journal, namely “Vinyl Chloride”, which is published by Harriman Chemsult Limited but some interested parties have contended that prices of the subject goods published in the journal may not be reliable because of variations in grades of the PUC and their corresponding prices. In any case, considering non-co-operation of the EU exporters/producers in the instant matter, the Authority has little choice except resorting to construction method of determination of the Normal Value. Therefore, the Authority has constructed the Normal value for EU considering international prices of major raw materials, consumption factor of domestic industry and conversion cost of domestic industry and the Normal value so determined works out as US\$ ***per MT.

H.4. Export Price

31. The Authority notes that none of the exporters / producers from EU has cooperated with the Authority in this investigation. In view of non-cooperation by the exporters / producers in EU, the Authority has considered information and facts available on record.
32. In view of non-cooperation by the foreign exporters / producers, the Authority considered whether import statistics provided by IBIS and DGCI&S could be used to determine the Export price of the subject goods during the relevant period. Thus, the Authority has determined weighted average import price for the product under consideration.
33. The domestic industry has claimed volume, value and import price on the basis of information provided by IBIS. The Authority also called for the data from DGCI&S; the analysis of which revealed that the volume of imports reported by the DGCI&S during the POI were substantially lower than the volume of imports reported by the IBIS. The Authority, therefore, corroborated the two data and compared first customs classification wise and thereafter customs port wise volume and value of imports reported in the two sources.
34. It is seen that there are significant differences in the volumes reported in the two sources. A significant difference is observed in import data reported at Cochin port.

Further, analysis of classification wise imports shows that significant differences have been reported in other classifications (in particular under 3904 2110).

35. In view of the same, the Authority has adopted import data reported by IBIS in order to determine volume, value and import price of imports for the purpose of present determination as volume is much higher in the IBIS data, while the price per unit is almost similar in both the sources.
36. The prices reported in the IBIS are CIF import prices. In view of non cooperation from the EU producers/exporters, the Authority has made price adjustments on the basis of best available information in order to arrive at ex-factory export price to India. Price adjustments have therefore been made with regard to ocean & inland freight, port handling, marine insurance. The Authority has determined the ex-factory export price of subject goods for all exporters or producers from European Union as follows:

Particulars	Unit	European Union
Import volume	MT	3,374
Import value	Rs. Lacs	1,766.44
CIF import price	Rs./MT.	52,354
Exchange rate	Rs./US\$	45.72
CIF export price in US\$	US\$/MT	1,145.08
Price adjustments (total)	US\$/MT	***
Ex-factory export price	US\$/MT	***

I. Dumping Margin

37. Since none of the exporters /producers from EU has responded to the Authority in this investigation, the Authority notes that individual dumping margins for the exporters/producers cannot be determined. The Authority has therefore determined weighted average dumping margin for all producers/exporters of the subject goods from EU. On the basis of normal values and net export prices determined as explained above at ex-factory level; the dumping margin during POI for all exporters/producers from the subject territory has been determined, as detailed below:

	Units	European Union
Normal Value	US\$/MT	***
Export Price	US\$/MT	***
Dumping Margin Range	US\$/MT	300-320
Dumping Margin	%	27.73%

J. Continuation or recurrence of dumping:

38. While there is no response from any of the EU producers/exporters, the domestic industry has submitted the following:

- (a) EU producers/exporters have not responded to the Authority and have not provided information in the form and manner prescribed.
- (b) The authority has prescribed specific additional requirements for sunset review. The EU producers/exporters have not responded to this questionnaire as well.
- (c) Any other party opposing extension of ADD also has not provided any information to the Authority in this regard.
- (d) There is a significant dumping margin from European Union. Dumping from European Union has not ceased in spite of anti-dumping duty being in existence.
- (e) The product under consideration continues to be exported in significant volumes and the dumping margin in respect of current exports is quite significant.
- (f) The producers in Europe are exporting the product to several countries. Imports from EU have increased after imposition of anti-dumping duties.
- (g) The producers in EU are understood to have significant surplus capacities.
- (h) While producers normally use production facilities between suspension and paste PVC on dedicated basis, it is possible for the producers to divert suspension PVC capacities to production of PVC Paste Resin and vice versa with minimal efforts. Thus possibilities of suspension PVC capacities being utilized for PVC Paste Resin are not ruled out.

39. In view of the above, the Authority considers that dumping of the subject goods is likely to continue in the event of cessation of the Anti-dumping measure in force.

K. Injury

K.1. Submissions made by the Domestic Industry

40. The submissions made by the domestic industry with regard to injury and causal link, in brief, are as follows:

- (a) Product under consideration continues to be exported to India from the subject territory and other major countries at dumped prices;
- (b) Dumping has continued inspite of existing anti-dumping duties;
- (c) Domestic industry has not been able to improve its performance to the extent it could have;
- (d) Imports from subject territory and other dumping countries have increased in relation to total imports, production and consumption in India.
- (e) Performance of the domestic industry has deteriorated in terms of production, capacity utilization, sales values & volume, profits, return on investments, cash flow, and market share.
- (f) Capacity utilization of the domestic industry continued to remain sub-optimal in spite of existence of significant demand.
- (g) Continued dumped imports are at prices significantly lower than the cost of production of domestic industry that has resulted in suppression of the domestic prices of the subject goods.
- (h) The domestic industry has suffered continued material injury.
- (i) The current level of anti-dumping duties are grossly inadequate to prevent injurious dumping because of increase in raw material prices;
- (j) Anti-dumping duty is required to be extended, considering the dumping margin and injury margin in the present investigation.

K.2. Submissions of other interested parties

41. Submissions have been filed by M/s Mayur Uniquoters limited (in response to the Disclosure statement) and Leather Cloth and Plastics Manufacturers Association. No other interested party has made any submissions. There is no response from any producer/exporter from EU. Nor has any arguments been advanced on any aspect of the present investigation, including on injury & causal link.
42. M/s Leather Cloth and Plastics Manufacturers Association (India) has, *inter alia*, contended that:
 - There have been frequent break downs / stoppage in the PVC Plant of Chemplast Sanmar, particularly during 2008-09 and in the current year, as a result of which Chemplast has not been able to meet the full demand of PVC Paste Resin in the Country.
 - Prevailing international Prices of PVC paste resin is in the range of USD 1400 to 1500 ton and the landed price works out to Rs 85 – 87 per kg. as against prevailing domestic price of Rs 79-80 of Chemplast. No Imports have been made from European Union in the last 2-3 year below the prices of Chemplast Sanmar.
 - PVC Paste resin constitutes almost 40% of cost of raw material for the manufacturing of PVC coated fabric. There is already large scale import of PVC Coated Fabric from China, Taiwan & Korea. If anti dumping duty is levied on PVC paste resin, the manufacturers of PVC Coated Fabric will not survive. The levy of Anti Dumping duty on PVC Paste Resin will make domestic small scale PVC Coated Fabric industry uncompetitive vis-à-vis imports and most of the units will be forced to close down. PVC processing units are mostly in small scale sector providing employment to more than one lakh workers directly & indirectly spread all over the Country.

K.3. Examination by the Authority

43. M/s Leather Cloth and Plastics Manufacturers Association (India) have, *inter alia*, argued that M/s Chemplast had frequent breakdown or plant stoppages, particularly in 2008-09, as a result of which the company has not been able to meet the demand. The Authority, for this purpose, examined month-wise production of M/s Chemplast during 2008-09 and compared the same with the volume of imports during the period. It is seen that the company has produced the goods in all the months during the POI. Apparently, the volume of imports bears no correlation with the trends in production of the company. Further, the volume of imports is significantly higher than the decline in the volume of production of the company. Thus, the claim that the imports were necessitated due to frequent breakdown or plant stoppages has not been substantiated.

Month	Production in MT	Production Indexed	Imports in India in MT
April 08	***	100	1078
May 08	***	83	2117
June 08	***	79	1934
July 08	***	85	2482
Aug 08	***	74	5382
Sept 08	***	68	1761
Oct 08	***	89	621
Nov 08	***	88	664
Dec 08	***	85	1221
Jan 09	***	90	1561
Feb 09	***	76	2859
Mar 09	***	89	1594

44. Submissions made by interested parties in response to the Disclosure statement

M/s Chemplast Sanmar Ltd. and Leather Cloth and Plastics Manufacturers Association (India) have made the following submissions in response to the Disclosure statement:

45. Submissions made by M/s Chemplast Sanmar Ltd

- Decisions of the CESTAT have been referred by the domestic industry in support of their claim of injury and likelihood thereof.

- The anti dumping duty should be in the form of fixed quantum. The previous form of duty was neither appropriate, nor was able to prevent dumping causing injury to the domestic industry.
- The anti dumping duty should be expressed in US\$.

46. **Submissions made by Leather Cloth and Plastics Manufacturers Association (India)**

- In order to assess the cost of production of paste resin, the cost of production of suspension resin should also be taken into account from the data of the domestic industry because the raw material is 100% the same.
- Decline in profitability of domestic manufacturers can be on account of many reasons including inefficient use of production facilities.
- The apparent impression that the productivity of domestic industry has shown decline, is quite deceptive. The fact of the matter is that Chemplast can make both suspension resin and paste resin and they can easily switch over from one to another. Therefore, one must have a look at the productivity of both suspension resin and paste resin together to get a realistic picture.
- They have sought extension of time of about two months for collection of relevant data to make a further effective representation before the Authority.

Examination by the Authority

47. The Authority has taken note of the arguments on injury examination and addressed the issues raised at appropriate places. The Authority has examined the injury parameters objectively taking into account the facts and the arguments of the interested parties.
48. Annexure-II of the AD Rules provide for an objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.
49. As regards the impact of the dumped imports on the domestic industry para (iv) of Annexure-II of the AD Rules states 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 margin of dumping actual and potential

negative effects on cash flow, inventories, employment wages growth, ability to raise capital investments.”

50. For the purpose of assessing the ‘injury’, the Authority has examined the volume and prices effects of imports of the subject goods from EU on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal link between dumping and injury, if any.
51. The Authority also notes that an anti-dumping application was filed by the domestic industry alleging dumping of the subject goods by the producers in China PR, Japan, Korea RP, Malaysia, Russia, Taiwan and Thailand; and that on being prima facie satisfied, the Authority initiated the anti dumping investigations vide notification dated 3rd November 2009 concerning the subject goods originating in or exported from these countries.

K.3.1. Volume effect

a) Assessment of Demand

52. For the purpose of assessment of the domestic consumption/demand of the subject goods, the sales volume of the domestic industry and other Indian producer have been added to the total imports into India, which has been summarized as under:

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
Imports from Subject country	MT	840	891	292	3,374
Imports from other countries	MT	3,927	4,158	6,337	19,900
Total imports	MT	4,767	5,049	6,629	23,274
Sale of domestic industry	MT	30,733	29,184	27,664	23,269
Sales of other Indian Industry	MT	3,195	4,891	5,402	5,997
Demand	MT	38,695	39,124	39,695	52,540

The Authority notes that the demand has shown a positive trend and increased significantly in the period of investigation as compared to the base year. The growth in demand during the period of investigation over the base year was about 35.78 %.

b) Import volumes and market share

53. Annexure-II (ii) of the AD Rules provides that “while examining the volume of dumped imports, the Authority shall consider whether there has been a significant increase in the dumped imports either in absolute term or relative to production or consumption in India”. Thus, with regard to the volume of the dumped imports, it has been examined whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

54. The table below summarises the position with regard to import volumes and market share: -

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
Imports from					
EU	MT	840	891	292	3,374
Imports from other countries under investigation	MT	3,636	3,740	6,313	19,020
Total Imports	MT	4,767	5,049	6,629	23,274
Indian Production	MT	33,703	34,636	32,442	29,439
Demand	MT	38,694	39,124	39,695	52,540
Subject imports in relation to					
Total Imports	%	17.62%	17.64%	4.40%	14.50%
Production	%	2.49%	2.57%	0.90%	11.46%
Consumption	%	2.17%	2.28%	0.73%	6.42%
Market share of domestic industry in demand	%	79.42%	74.59%	69.69%	44.29%

From the above, the Authority notes that:

- (i) The volume of dumped imports from EU which declined in 2007-08, increased significantly in the period of investigation.
- (ii) The increase in imports is inspite of existing anti dumping duties on imports from EU.
- (iii) Imports from subject territory have increased significantly in POI in relation to the total imports, production and consumption in India.
- (iv) As a result of the increase in imports, the share of the domestic industry has declined significantly.

K.3.2 Price effect of the dumped imports on the Domestic Industry

55. In order to ascertain the price effect of the imports of the subject goods from EU on the domestic industry, the Authority has examined whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. In order to assess the extent of price undercutting, the Authority has compared net sales realization of the domestic industry with the landed price of imports. The net sales realization was arrived, after deducting all rebates and taxes. The landed value of imports was compared with net sales realization of the domestic industry, even after considering the anti-dumping measure in force. Landed price from EU including applicable customs duty and cess on custom duty is significantly below the net sales realization of the domestic industry. Further, in view of significant imports of the product from other countries, the Authority determined price undercutting in respect of these imports from third countries separately under investigations.

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
Net Sales Realization	Rs./MT	***	***	***	***
Trend	Indexed	100	105	108	116
Antidumping duty Benchmark	Rs/MT	42,230	43,363	38,755	43,478
Average Landed Price from European Union	Rs./MT	42,475	50,243	54,307	55,077
Trend	Indexed	100	118	128	130
Price undercutting amount	Rs./MT	***	***	***	***
Price undercutting range	% Range	20-25	5-10	0-5	5-10
Average Landed price of imports from other countries separately under investigation	Rs./MT	54579	51951	49563	56453
Trend	Indexed	100	95	91	103
Price undercutting amount	Rs./MT	***	***	***	***
Price undercutting range	% Range	Negative	5-10	10-15	5-10

From the above, the Authority notes that:

- (i) The dumped imports from EU are significantly undercutting the prices of the domestic industry.
- (ii) As a result of significant difference in the price of the domestic industry and imports, the volume of imports has increased in the period of investigation.
- (iii) Though the landed price increased because of increase in CIF price, but the Authority notes that the increase in CIF price was lower than increase in the selling price of the domestic industry as would be seen from the following table.
- (iv) Imports from other countries separately under investigations are also significantly undercutting the prices of the domestic industry.

Price suppression/depression

56. In order to assess whether the imports from EU were suppressing the prices of the domestic industry, the Authority has compared the cost of production and net selling price of the domestic industry along with the landed price of imports over the injury period, which is given in the following table:

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
Cost of Production	Rs./MT	***	***	***	***
Trend	Indexed	100	109	122	135
Net Selling price	Rs./MT	***	***	***	***
Trend	Indexed	100	105	108	116
Profit/Loss	Rs./MT	***	***	***	***
Trend	Indexed	(100)	(171)	(352)	(442)
Average Landed price of imports from EU	Rs./MT	42,397	50,171	54,229	54,998
Trend	Indexed	100	118	128	130
Average Landed price of imports from other countries under investigations	Rs./MT	54,479	51,876	49,492	56,372
Trend	Indexed	100	95	91	103

The Authority notes that whereas both the cost of production and net selling price increased over the injury period, the increase in the net selling price were much lower than the increase in the cost of production. Thus, the imports are significantly suppressing the prices of the domestic industry.

Economic Parameters relating to the Domestic Industry

57. Annexure II to the AD Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to determination of consequent impact of these imports on domestic producers of such products, the AD Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual 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, sales, capacity and capacity utilization

58. The production, sales, capacity & capacity utilization of the domestic industry has been as follows:

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
Capacity	MT	34,080	34,080	34,080	34,080
Production	MT	30,789	29,117	27,584	23,249
Capacity utilization	%	90.34%	85.44%	80.94%	68.22%
Domestic sales	MT	30,733	29,184	27,664	23,269
Demand	MT	38,695	39,124	39,695	52,540
Production in % of demand	%	79.57%	74.42%	69.49%	44.25%
Sales in % of demand	%	79.42%	74.59%	69.69%	44.29%

It is noted that:

- a) The production, capacity utilization and sales of the domestic industry have declined in absolute term.
- b) The production, capacity utilization and sales of the domestic industry have declined in relation to demand/consumption of the product in India.
- c) The domestic industry has contended that production and sales of the domestic industry should have increased with the pace of increase in demand of the product in India. However, the dumping of the product has led to decline in these parameters. The Authority notes that the domestic industry has not been able to improve its production to the extent of capacity or the increase in demand.
- d) The production and sales of the domestic industry significantly declined in relation to demand of the product in India. Domestic industry is not able to utilize its production capacities.

Profitability

59. The cost of production, net sales realization & profit/loss of the domestic industry is shown below:

	Unit	2005-06	2006-07	2007-08	2008-09
Cost of Production	Rs./MT	***	***	***	***
Net Sales Realization	Rs./MT	***	***	***	***
Profit/Loss	Rs./MT	***	***	***	***
PBT on Domestic Sales	Rs. Lacs	***	***	***	***
PBIT on Domestic Sales	Rs. Lacs	***	***	***	***

60. The Authority notes that performance of the domestic industry for subject goods has deteriorated over the injury period and the domestic industry is in significant losses. The Authority examined profitability by considering the trends in the cost of production and selling prices over the injury period. It is found that both the cost of production and the selling prices increased throughout the injury period. But the increase in cost of production is far more than increase in selling price. Consequently, profitability of the domestic industry suffered severely during the POI.
61. In view of continued losses being suffered by the domestic industry, the extent of which increased over the current injury period, the Authority examined the reasons for continued financial losses by the domestic industry, particularly when anti-dumping duties were earlier imposed on imports from EU. It is noted that the anti-dumping duties were earlier imposed in the form of benchmark price. The import prices of the subject goods after the imposition of anti-dumping duties have been significantly higher than the ADD benchmark that the imports would not have attracted anti-dumping duties. Further, the domestic industry provided evidence to show that the increase in import prices was not due to elimination of dumping, but the same was due to significant increase in the raw material costs. The domestic industry has submitted that in fact, the increase in the import price was significantly lower than the increase in the cost on account of raw materials and that the product continued to be imported at dumped prices in spite of imposition of anti-dumping duties because of the form of duties.
62. It is also noted that the product under consideration is being imported from a number of other countries. Further, import price from various sources are comparable in respect of significant import volumes. Imports from China PR, Japan, South Korea, Malaysia, Russia, Taiwan and Thailand are prima-facie at dumped prices, for which the Authority is separately conducting an anti-dumping investigation. It is noted that the landed price of imports throughout the injury period from various sources dumping the subject goods remained substantially lower than the selling price of the domestic industry, thus causing continued price undercutting. Existence of significant price undercutting prevented the domestic industry from charging a price which would have permitted reasonable recovery of the cost of production. It is further noted that while the costs increased throughout the injury period and even though the selling prices also increased but the increase in the selling prices was far lower than increase in the cost of production.

The Authority notes that continued dumping of the product from the subject territory and other sources has apparently led to financial losses suffered by the domestic industry throughout the injury period.

Market share

63. Comparison of the sales of the domestic producers and imports from EU and various the other sources shows that although the demand for the product has shown positive trend, the market share of domestic industry has declined significantly over the injury period, with the increase in the share of subject imports from EU and other countries.

Market Share in Demand	Unit	2005-06	2006-07	2007-08	2008-09

					(POI)
Subject Country – European Union	%	2.17%	2.28%	0.73%	6.42%
Other Countries	%	10.15%	10.63%	15.96%	37.88%
Domestic industry	%	79.43%	74.59%	69.69%	44.29%
Other domestic producer	%	8.25%	12.50%	13.62%	11.41%

Employment and Wages

64. Position with regard to employment, wages and productivity as follows:

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
No. of Employees	Nos.	***	***	***	***
Wages	Rs.lacs	***	***	***	***
Productivity per day	MT/day	***	***	***	***
Productivity per employee	MT	***	***	***	***

The Authority notes that the productivity of the domestic industry declined with the decline in production. The decline in productivity has ultimately resulted in decline in performance of the domestic industry. However, the Authority notes that the domestic industry is a multi-product company and hence the employment by the domestic industry and wages paid may not be a correct parameter to evaluate the injury in the instant matter.

Return on investments and cash flow

65. The Authority notes that return on investment and cash profits situation of the domestic industry deteriorated significantly over the injury period. Similar is the situation of cash profit as well.

	Unit	2005-06	2006-07	2007-08	2008-09 (POI)
ROI - GFA Basis	%	***	***	***	***
Trend	Index	(100)	(203)	(340)	(363)
ROI - NFA Basis	%	***	***	***	***
Trend	Index	(100)	(219)	(358)	(400)
Cash Profit	Rs.Lac	***	***	***	***

Trend	Index	(100)	(162)	(316)	(335)
Cash Flow	Rs.Lac	***	***	***	***
Trend	Index	(100)	(50)	(601)	(421)

Inventories

66. Inventories of the domestic industry have shown a declining trend.

	Unit	2005-06	2006-07	2007-08	2008-09
Average Inventories	MT	***	***	***	***

It has been claimed by the domestic industry that average inventory of the domestic industry declined is a direct result of curtailment of the production by the domestic industry, in view of presence of dumped imports in the market.

Magnitude of Margin of Dumping

67. The Authority notes that the dumping margin from EU is quite significant. The significant dumping margin in the period of investigation is also indicative of likely future behaviour of the exporters from EU.

Growth

68. The Authority notes that while there has been a substantial growth in the import volume from the subject country; but the growth of domestic industry in terms of sales, production, and capacity utilization has been negative. The growth in cash profits, profits and return on investment has also been negative over the injury period.

Likelihood of continued dumping & injury

69. The following factors have been brought before the Authority for examination of likelihood of continuation or recurrence of injury to the domestic industry. The domestic industry has pleaded that in a sunset review, the Authority is required to examine the likelihood of continuation or recurrence of dumping and injury to arrive at a decision to continue or vary or remove the duty so as to offset dumping. The Authority notes that:

- (i) That the producers from EU are dumping the material in the Indian market. Though there is a significant increase in the raw material prices, the export price of the exporters has not shown proportionate increase apparently indicating absorption of the cost by the exporters.
- (ii) That the injury to the domestic industry is still continuing and in case the duties are discontinued the injury to the domestic industry is likely to increase.
- (iii) That the landed price of imports from EU is much lower than the fair selling price domestic industry ought to get.

- (iv) That volume of imports from European Union has increased in spite of the antidumping duty in existence.
- (v) That the domestic industry has claimed that the producers are holding significant surplus capacities and their domestic demand is significantly below the capacities created by them. The Authority notes that this claim has not been disputed by any other interested party.

Magnitude of Injury and Injury margin:-

70. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority has been compared with the landed value of the exports from EU for determination of injury margin during the POI. Thus compared, the injury margin is worked out as under:

NIP	Rs./MT	***
Landed Price	Rs./MT	54,998
Injury Margin	Rs./MT	***
Injury Margin (%)	%	20-25%

Conclusions on injury

71. In view of the above, the Authority concludes that despite the existence of anti dumping duties, the dumped imports from EU have continued and not only its volumes have increased in absolute numbers but the volumes have increased in terms of its share in total consumption of the subject goods in India as well. Besides, the imports are significantly undercutting the prices of the domestic industry in the market. Further, the imports caused significant price suppression as well. While, both the cost of production and the selling price increased, the increase in selling price was far lower than the increase in the cost of production. The performance of the domestic industry deteriorated in terms of production, domestic sales, capacity, utilization, profits, return on investment, cash flow, productivity. Thus, the Authority is of the view that the domestic industry continues to suffer material injury in spite of the existing anti-dumping duties.
72. In view of the above, the Authority holds that:
- (a) The product under consideration is likely to continue to be exported to India from EU below its associated Normal value, if the anti-dumping duties are revoked or are allowed to cease.
 - (b) The domestic industry is likely to continue to suffer material injury in such an event.
 - (c) The material injury is likely to be caused by the continued dumped imports of the subject goods from EU.

L. Causal Link

73. The Authority has examined the submissions with regard to the significance and relevance of causal link in a sunset review investigation. It is important to note that under Section 9A(5) of the Act, the Authority is required to examine the likelihood of dumping and injury and the need for continuation of duties irrespective of whether there

have been any imports of the product under consideration during the review investigation period or not. However, it was examined whether other parameters listed under the AD Rules could have contributed to injury to the domestic industry. It is noted as follows:

Volume and Prices from Other Countries

74. It is noted from the import statistics that the subject goods have been imported from a number of other countries and their volumes are above the de minimis limits. Imports of the subject goods from China PR, Japan, Korea RP, Malaysia, Russia, Taiwan and Thailand are significant in volume and have cumulatively shown increase over the injury period. It was, therefore, examined whether imports from these sources would have caused injury to the domestic industry. It is noted that the domestic industry has already filed an application alleging dumping of the subject goods from these sources and after due examination thereof, the Authority has initiated anti-dumping investigations vide notification dated 3rd November 2009, in order to examine whether apparent dumped imports of the subject goods from these countries have caused injury to the domestic industry. Since imports from these countries are apparently at dumped prices; the Authority holds that injury from such apparent dumped imports is not required to be segregated for the present case. The imports from other sources are *de-minimis* in volumes and therefore, could not have caused injury to the domestic industry.

Contraction in Demand and / or Change in Pattern of Consumption

75. It is noted that the demand of the subject goods has increased by 35.78% in the period of investigation as compared to the base year. There is also no indication of any change in the consumption pattern.

Trade Restrictive Practices of and Competition between the Foreign and Domestic producers

76. The import of the subject goods is not restricted in any manner and the same are freely importable in the country. The domestic producers compete amongst one another and at the same time compete with the landed prices of the subject goods. The price of the domestic industry is influenced substantially by the landed price of subject goods. Moreover, no evidence has been submitted by any interested party even to suggest that the conditions of competition between the foreign and the domestic producers have undergone any change.

Development of Technology

77. No party has raised any issue with regard to developments in technology as being the cause of injury to the Domestic Industry. Nor there appears to be any significant development in technology that the same could be the principal cause of injury to the domestic industry.

Export Performance

78. There are no exports of the subject goods. In any case, the Authority has considered profitability and other price parameters only in respect of domestic operations.

Productivity

79. It is noted that the productivity of the domestic industry has shown decline. While the domestic industry has argued that the decline in productivity was due to the decline in production triggered by dumping and such injury was not required to be segregated, the Authority has examined whether the information relating to domestic industry would have shown injury, had productivity of the domestic industry been the same. It was noted that the impact of lower productivity is on cost of production and consequently profit/loss, return on investment and cash flow. The Authority has estimated the levels of profits, ROI and cash flow considering there was no decline in productivity and found that the condition of the domestic industry would not have been significantly different.
80. The Authority thus concludes that other listed known factors have not caused injury to the domestic industry.
81. Thus, the Authority holds that the performance of the domestic industry over the injury period has deteriorated due to dumped imports from subject territory. This is established by the following:
- a) Imports of the product under consideration have increased significantly. As a direct consequence thereof, the domestic industry has lost its market share.
 - b) The domestic industry has lost sales volumes due to the presence of the dumped imported subject goods in India at prices lower than their cost of production.
 - c) The market share of the imports increased significantly and as a direct consequence thereof, the market share of the Indian producers has declined.
 - d) The decline in sales volumes appears to be a direct consequence of dumped imports from subject territory;
 - e) The imports are undercutting the prices of the domestic industry.
 - f) The imports are suppressing the domestic prices. The domestic industry has been prevented from increasing its prices in line with the increase in its cost of production due to availability of low priced imported goods.
 - g) The deterioration in profits, return on capital employed and cash profits are apparently as a result of the dumped imports;
 - h) The imports are still continuing at dumped prices and the extent of dumped imports has remained at significant levels. Apparently, the circumstances, which were prevalent at the time of original investigations, are very much in existence even till date. There has been no change in the circumstances, which only reflects that the dumping would continue, may be at higher levels, if the duties are allowed to expire.
 - i) Growth of the domestic industry has become negative in respect of a number of parameters.
82. Thus, the Authority concludes that the dumped imports originating in or exported from the subject territory have caused material injury to the domestic industry within the meaning of Rule 11 read along with Annexure II of the AD Rules.

M. Likelihood of recurrence of dumping and injury

83. The Authority notes that dumping is continuing from subject territory in spite of the antidumping duty in force and the domestic industry continues to suffer material injury due to such dumped imports. Further, dumping of the subject goods from the subject territory and consequent injury to the domestic industry is likely to continue, if the anti-dumping duties in force cease to operate. Therefore, further examination of the likelihood of recurrence of dumping and injury is not required.

N. CONCLUSIONS

84. 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 state of continuation of dumping and consequent injury and likelihood of continuation of dumping and injury, the Authority concludes that:
- i. The subject goods are entering the Indian market at dumped prices and dumping margin of the subject goods imported from subject territory is significant and above the de-minimis limits prescribed. The subject goods continue to be exported to India at dumped prices inspite of existing anti dumping duties.
 - ii. The situation of domestic industry has deteriorated further in spite of the existing anti dumping duties. Further, should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify.
 - iii. The deterioration in the performance of the domestic industry is because of dumped imports from the subject territory.
 - iv. The current level of anti dumping duty is insufficient to address the continued dumping and consequent injury to the domestic industry and thus the anti-dumping duty is required to be extended and modified.

O. RECOMMENDATIONS

85. Having concluded that the product continues to be exported at dumped prices, the current dumping margin and injury margin establishes the need for revision in the anti-dumping duty in force, the situation of the domestic industry continues to be vulnerable and there is likelihood of continuation of dumping and consequent injury on account of imports from subject territory, if the duties are revoked. Thus, the Authority is of the opinion that the measure is required to be extended and the quantum of Anti-dumping duty is required to be modified in respect of imports from subject territory as specified in the duty table below.
86. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. Accordingly, antidumping duty as per amount specified in Col 8 of the table below is recommended to be imposed in the event of acceptance of these recommendations by the Central Government, on all imports of the subject goods originating in or exported from the subject territory.

Duty Table

Sl. No	Heading/ Sub-heading	Description of goods	Country of Origin	Country of Exports	Producer	Exporter	Duty Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	39042210	Poly Vinyl Chloride Paste Resin	European Union	Any	Any	Any	267.38	Per MT	US\$
2	39042210	Poly Vinyl Chloride Paste Resin	Any	European Union	Any	Any	267.38	Per MT	US\$

87. Landed value of imports for the purpose shall be the assessable value as determined by the Customs under the Customs Act, 1962 and all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.
88. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

P.K. Chaudhery
The Designated Authority