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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
4th Floor, Jeewan Tara Building, 5, Parliament Street, New Delhi

Dated the 7th April, 2015

INITIATION NOTIFICATION

Sub: - Initiation of Anti Dumping investigation on imports of “Methylene Chloride” originating in or exported from China PR and Russia.

No.14/33/2014-DGAD – M/s Chemplast Sanmar Ltd and M/s Gujarat Fluorochemicals Ltd (hereinafter referred to as ‘petitioner companies’ or “ the applicants”) have filed an application before the Designated Authority (herein after referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (herein after referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on dumped articles and for determination of injury) Rules, 1995 (herein after referred to as the AD Rules or the Rules) for initiation of anti dumping investigation concerning alleged dumping of Methylene Chloride, also known as “Dichloromethane” or “Methylene Dichloride” (MDC) (hereinafter referred to as the subject goods or MDC or the Product Under Consideration) originating in or exported from China PR and Russia (hereinafter referred to as the subject countries).

2. AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of subject goods by the subject countries, injury to the domestic industry and causal link between the dumping and injury exists, and the Authority, therefore, hereby initiates an investigation into the alleged dumping and consequential injury to the domestic industry in terms of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

Product under consideration

3. The product under consideration in the present petition and the proposed investigation is “Methylene Chloride”, also known as “Dichloromethane” or “Methylene Dichloride” (MDC). Methylene Chloride is an organic compound with molecular formula CH₂Cl₂. It is a colorless liquid with sweetish ether-like odor, and is used as a solvent, predominantly. It is essentially non-

flammable under most conditions of use. However, it can burn if strongly heated. Methylene Chloride may decompose at high temperatures forming toxic gases. It is completely miscible with a variety of solvents. MDC is a solvent and is used in the manufacturing of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance. It is also used as an extractant for edible fats, cocoa, butter and essences. There are two technologies for production of Methylene Chloride - Methane route and Methanol route. The product produced through the two routes has essentially similar technical specifications. Methylene Chloride is classified under Chapter 29 (Organic Chemical) of the Customs Tariff Act under customs subheading 29031200. The Customs classification is indicative only and in no way binding on the scope of the proposed investigation.

Like Article

4. The applicant has claimed that the subject goods, which are exported from the subject countries into India are identical to the goods produced by the domestic industry. Methylene Chloride produced by the domestic industry and imported from the subject countries are comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable and hence should be treated as 'like article' under the AD Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicants in India are being treated as 'Like Article' to the subject goods being imported from the subject countries.

Domestic Industry

5. The application has been filed by M/s Chemplast Sanmar Ltd. and M/s Gujarat Fluorochemicals Ltd. It is noted that there are two other domestic producers of the subject goods, i.e., M/s. GACL and SRF Limited. It is noted that the applicants account for more than 50% of the total Indian production and production by the petitioners constitute a major proportion in the total production of the like product produced in India. It is also noted that none of applicants has imported the product under consideration, nor they are related to any exporter of the subject goods in the subject countries or importer of the subject goods in India. It is thus determined that the application has been made by or on behalf of the domestic industry and the application satisfies the requirements of 'standing' under the Rules. Further, the applicants constitute 'Domestic Industry' in terms of Rule 2(b) of the AD Rules.

Countries involved

6. The countries involved in the present investigation are China PR and Russia.

Normal Value

7. The applicants have claimed that China PR should be treated as Non-Market Economy and, therefore, the normal value should be determined in accordance with Para 7 and 8 of Annex-I of the Rules. Applicants have submitted that they have not been able to procure such information from a producer in the market economy third country and have, therefore, determined the Normal Value in China PR on the basis of cost of production in India, duly adjusted.

8. As regards the normal value for Russia, the applicants have submitted that efforts were made to get information/evidence of price of the subject goods in the domestic market of the subject countries. However, applicants were not able to get such information. The applicants have, therefore, constructed normal value for all subject countries on the basis of cost of production in India duly adjusted.

Export Price

9. The applicants have claimed export price for product under consideration based on the transaction wise data available from DGCI&S for the period upto Dec 2012, and transaction wise data for the period from January, 2013 from TIPS, Mumbai, to assess the volume and value of imports in India. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight expenses, bank charges, VAT difference (only for China).

Dumping Margin

10. The applicants have provided sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices, prima-facie indicating that the subject goods originating in or exported from the subject countries are being dumped, to justify initiation of an antidumping investigation.

Injury and Causal Link

11. The applicants have claimed that they have suffered material injury and have furnished evidence regarding injury having taken place as a result of the alleged dumping from the subject countries in terms of increase in imports in absolute terms and deterioration in profits, return on capital employed and cash profit etc.

12. The applicants have also claimed adverse price effects as evidenced by price suppression and price undercutting. The Authority considers that there is sufficient evidence of 'injury' being suffered by the applicants caused by dumped imports of the subject goods from the subject countries to justify initiation of an antidumping investigation.

Period of Investigation

13. The period of investigation (POI) is October 2013 to September 2014 (12 months) for the purpose of the present investigation. The injury investigation period will, however, cover the periods April 2011 - March 2012, April 2012-March 2013, April 2013-March 2014 and the POI.

Submission of information

14. The known exporters in the subject countries and their Governments through their Embassies in India, importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time limit set out below. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time limit set out below. The information/submissions may be submitted to:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
Government of India
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi-110001

15. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

Time Limit

16. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 days) from the date of the communication of initiation of this investigation. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the AD Rules.

17. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses and offer their comments to the domestic industry's application within forty days (40 days) from the date of the

communication of initiation of this investigation. The information must be submitted in hard copies as well as soft copies.

Submission of information on confidential basis

18. The parties making any submission (including Appendices/Annexure attached thereto), before the authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:-

- (a) one set marked as Confidential (with title, number of pages, index, etc.), and
- (b) the other set marked as Non-Confidential (with title, number of pages, index, etc.).

19. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority and the Authority shall be at liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies, in five (5) sets of each.

20. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information can not be disclosed.

21. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.

22. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

23. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.

24. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

Inspection of Public File

25. In terms of Rule 6(7) of the AD Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties.

Non-cooperation

26. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(J K Dadoo)
Designated Authority