

**Final Findings**

No.15/11/2007-DGAD  
GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF COMMERCE  
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES  
UDYOG BHAVAN

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New Delhi, the 21<sup>st</sup> November, 2008

**NOTIFICATION**

**Final Findings**  
**(Sunset Review)**

**Subject: Anti-Dumping (Sunset Review) investigations concerning imports of Caustic Soda originating in or exported from China PR and Korea ROK.**

**No.15/11/2007-DGAD** - Having regard to the Customs Tariff Act, 1975, (hereinafter referred to as Act.) as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules.);

**A. BACKGROUND**

2. Whereas, having regard to the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Designated Authority (herein after referred to as Authority) recommended imposition of Anti Dumping Duty on imports of Caustic Soda(hereinafter referred to as subject goods) originating in or exported from China PR and Korea ROK (hereinafter referred to as subject countries). The preliminary findings and final findings of the Authority were published vide notifications dated 21.9.2002 and dated 4.8.2003 respectively. On the basis of findings, provisional duty and definitive anti dumping duties on the subject goods imported from subject countries were imposed by the Department of Revenue vide notifications No. 142/2002-Cus. dated 26.12.2002 and notification No. 142/2003-Cus. dated 23.9.2003 respectively.

3. The Designated Authority, in terms of section 9A (5) of said Act. received a substantiated application from M/s Alkali Manufacturers Association of India, New Delhi requesting for review and continuation of the anti-dumping duties levied on the subject goods, for another five years on the grounds that the dumping had continued in spite of imposition of anti-dumping duty on imports of subject goods from subject countries and the domestic industry continued to suffer injury on account of dumping by the subject countries. It was also claimed that expiry of measure against the subject country would be likely to result in continuation or recurrence of dumping and injury to the domestic industry. The Designated Authority issued a Public Notice No. 15/11/2007-DGAD

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dated 22.11.2007, published in the Gazette of India, Extraordinary, initiating anti-dumping (Sunset Review) investigations, to examine whether the expiry of anti dumping duty would lead to continuation or recurrence of dumping, injury or both.

### B. PROCEDURE

4. In these proceedings the procedure described below has been followed:

- i) After initiation of the review the Authority sent questionnaires, along with the initiation notification, to the known exporters/producers in the subject countries in accordance with the Rule 6(4), to elicit relevant information.
- ii) Notices were also sent to the domestic industry in India seeking relevant information in accordance with the Rules;
- iii) The Embassies of the subject countries in New Delhi were informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in their countries to respond to the questionnaire within the prescribed time.
- iv) Questionnaires were sent to the known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4),
- v) Transaction-wise data of imports for the period of investigation and preceding three years were called from Directorate General of Commercial Intelligence and Statistics (DGCI&S) and have been relied upon in this investigation;
- vi) Copies of the initiation notification were also sent to FICCI, CII and ASSOCHAM for wider circulation.
- vii) M/s. Hanwha Chemicals Corporation (producer) along with exporter, Korea ROK, and M/s Tricon Energy Ltd., USA for export from China PR responded to the initiation notification and provided the information. The information provided by the exporters to the extent possible have been verified and relied upon in this findings. Other exporters/importers who have not responded and provided any information have been treated as non-cooperating interested parties.
- viii) M/s Alkali Manufacturers' association of India, being domestic industry, submitted the information/data. The Authority verified the information furnished by the domestic industry to the extent possible on the basis of Generally Accepted Accounting Principles (GAAP) to examine the injury suffered, to work out optimum cost of production, cost to make and sell the subject goods in India and so as to ascertain if Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- ix) The Authority held a public hearing on 17.9.2008 to hear the interested parties orally, which was attended by representatives of interested parties. The written submissions received from interested parties have been considered in this findings;
- x) The Authority made available the public file as per Rule 6(7) to all interested parties containing non-confidential version of all evidence submitted by various interested parties for inspection, upon request.
- xi) The views expressed by various interested parties in response to the initiation notification and subsequent to the public hearing are discussed in the relevant paragraphs to the extent these are relevant as per rules and have a bearing upon the case.

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- xii) In accordance with Rule 16 of Rules Supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received thereon have also been duly considered in the findings.
- xiii) Investigations were carried out for the period of investigation (POI) from 1.7.2006 to 30.6.2007. However, injury analysis have been carried out for the years 2004-05, 2005-06, 2006-07 and the period of investigation.

### B.1 PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

5. The product under consideration in the present case is Caustic soda, which is chemically known as NaOH. Being a sunset review investigation, product under consideration in the present application is the same as has been in the original investigation. In the final findings of the original investigation, the Designated Authority had defined the product under consideration as follows:

6. The product under consideration in the present investigation is Sodium Hydroxide (chemical nomenclature of NaOH), commonly known as Caustic Soda originating in or exported from Korea ROK and China PR. Caustic Soda is an inorganic, soapy, strongly alkaline and odourless chemical and finds application in various fields like manufacture of pulp and paper, newsprint, viscose yarn, staple fibre, aluminium, cotton, textiles, toilet and laundry soaps, detergent, dyestuffs, drugs and pharmaceuticals, petroleum refining, etc.

7. Caustic soda is classified under chapter 28 of the Customs Tariff Act, 1975 under Customs head 2815.11 and 2815.12. As per ITC 8-digit classification, the product is classified under the Custom Heading 2815.1101, 2815.1102 and 2815.1200.

8. Caustic soda is produced in two forms, i.e. lye and solids by three technology processes, i.e. mercury cell process, diaphragm process and membrane process. Liquid form can be converted into solid and the solid form can be reconverted in liquid with ease and without any change in the chemical properties of the product. The solid form has ease of storage and transportation whereas the liquid form has easy solubility. For end use both the forms are substitutable and interchangeable. The domestic industry produces caustic soda in two forms and are comparable with the imports from subject countries, therefore, is being treated as like article within meaning of 2(d) of the Rules.

### B.2 DOMESTIC INDUSTRY

9. In the present investigation the application for anti-dumping investigation was filed by M/s Alkali Manufacturers' Association of India on behalf of the domestic industry. The following domestic producers provided information/data for the purpose of investigation:

- Gujarat alkalies & Chemicals Ltd.
- Indian Petrochemicals corporation Ltd.
- SIEL Chemical Complex.
- Shriram Alkalies & Chemicals
- Bihar Caustics & Chemicals

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- Grasim Industries Ltd.
- Jayshree Chemicals
- Shriram Vinyl, Kota

### **B.3 Views of the Interested Parties (M/s Hanwha Chemicals Corporation, M/s Hanwha Corporation, Tricon Energy Ltd. and M/s Hindustan Unilever Ltd.)**

#### **a) Constituents of the domestic industry and non-cooperative domestic producers**

10. It has been alleged that the petitioning industry/association has always been conveniently excluding/including members of its association to take part in the investigation before the authority based on circumstances and timing of the investigation. The reasons meted out by the petitioner have been that the companies who have cooperated in this investigation for majority of the domestic industry and, therefore, reflect the injury data for the industry. It has been submitted that if the reasons made out by the petitioner are true, the sequence of selective participation from investigation to investigation within the majority players mandates to have a sufficient reasonable cause. In addition to this, the petitioners who have participated “on a need basis” in these investigations, there are other domestic producers who have not participated at all and at the same time constitute a significant proportion of domestic industry quote as a whole. The factual position may not affect the issues of ‘standing’, but clearly needs to be considered at the time of conducting the injury analysis.

#### **b) Issue of Costing**

11. It has been submitted that world-wide operationally and financially produce caustic soda and chlorine are treated as two products. It is a matter of chemical law that the reactions to produce caustic soda necessarily produces chlorine and that the costing/pricing of caustic soda and chlorine are intimately linked and measured in the concept of ECU.

12. The domestic industry is subject to the Cost Accounting Records (Caustic Soda) Rules, 1967. Under clause ‘b’ of item VII of the Cost Statements of the above Rules, it is stated as under:

“Where more than one product arises from a process, the costs shall be allocated to the different products on some reasonable basis and shall be consistently applied during the relevant period. The basis on which such joint cost is allocated to the different products arising from the process shall be indicated in the cost records. Where Chlorine gas produced is not fully utilized either for production of other products or for sale, the sale value of the quantities actually utilized may, if the company so desires, be credited as a separate item in the Proforma ‘A’ as in the cost of Hydrogen instead of allocating a portion of joint costs to Chlorine gas as provided in that proforma.”

13. By referring to Chlorine Costing under Caustic Soda Rules, this establishes that Chlorine and Caustic are co-products and hence while determining cost/profitability of the Caustic Soda manufacturer, the total realization from Chlorine and Caustic Soda (ECU) needs to be considered. It is, therefore, submitted that the Hon’ble Designated Authority needs to look at the cost of manufacture and profitability on an ECU basis.

#### **B.4. Examination by the Authority**

14. The Authority has noted that the application was filed by Alkali Manufacturers Association of India which is an association of all producers of caustic soda. The data for investigation and verification was provided by members mentioned in para 9 of the findings. The Authority notes that 'standing' is not to be checked during the sunset review. Further for injury analysis, the Authority procured cost audit reports of some other producers, however, it was noted that it was not possible to use the information for injury analysis as information provided in the cost audit reports relate to period different from that of POI. The information provided in the cost audit reports was, however, used to estimate the NIP to compare the same with the NIP calculated on the basis of data of the participating producers. It has been argued by the interested parties (M/s Hanwha Chemicals Corporation, M/s Hanwha Corporation, Tricon Energy Ltd. and M/s Hindustan Unilever Ltd.) that chlorine and caustic soda are co-products and hence while determining cost/profitability of the caustic soda manufacturers, the total realization from chlorine and caustic soda needs to be considered. In other words, it has been argued that cost of caustic soda should be calculated by method other than one adopted and historically books of records kept by the domestic industry. However, for determining the cost of sale of the cooperating exporters, it was insisted that cost of sale should be determined as per the books of records kept by them and not by any other method. The Authority has noted that the cost elements are to be taken into account in accordance with Article 2.2.1.1 of ADA and para 1 of Annexure-1 of Anti-dumping Rules as per books of records kept by the exporter or producer. The Authority, therefore, has calculated the elements of cost on the basis of books of records kept by all interested parties i.e. cooperating exporter and different producers of the domestic industry.

### **C. METHODOLOGY FOR CALCULATION OF DUMPING MARGIN**

#### **Dumping Determination: Normal Value, Export Price and Dumping Margin**

##### **Korea ROK**

15. 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). M/s Hanwha Chemicals Corporation (HCC), producer and exporter from Korea ROK responded to the initiation notification and provided information on the prescribed Exporter's Questionnaire. It was explained that the subject goods were produced by HCC, producer and sold through related company Hanwha Corporation.

16. Another company, Tricon Energy Ltd., USA also responded to the initiation and provided information on the Exporter Questionnaire for the subject goods sold to India produced by HCC. The goods produced by HCC was sold through Hanwha Corporation to Tricon Energy which in turn sold the same in India.

17. HCC during the POI has sold the goods in the domestic market. Sample transactions of the domestic sale were test verified during on the spot investigation. The transactions of domestic sale of goods produced by the company have been taken into consideration for determination of normal value.

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### Normal Value for Korea ROK

18. The cooperating exporter M/s Hanwha Chemical Corporation (HCC) provided information on transaction-wise details of sale in home market. It was explained that the delivery of goods in the domestic market was through different modes of transportation depending upon the location of the buyer. The invoice in the domestic sales were made on the solution MT basis, however, for the purpose of the investigation, the same has been converted into Dry MT basis (DMT). For the purpose of determination of normal value, the domestic sales of the goods produced by the company have been taken into consideration. The adjustments were claimed concerning credit, internal transportation, insurance, handling and commission. The expenses claimed for adjustment have been permitted after test verification. After adjustments, the normal value has been determined as US\$ \*\*\* DMT.

### Export Price for Hanwha Corporation & M/s Tricon Energy Ltd., USA

19. M/s Hanwha Corporation provided transaction-wise information on export sales to India. For determination of export price, only those transactions have been taken into consideration for which the complete chain of transactions could be established. The goods invoiced to related company in other country for which the chain could not be established, has been excluded. The export sale made through Tricon Energy, USA have also been taken into consideration. For determination of net export price, the expenses incurred by M/s Tricon Energy on account of insurance and freight, etc. in addition to profit have been adjusted. For calculating the net export price for sale made through Hanwha Corporation, expenses on account of overseas freight, credit and bank expenses, have been adjusted. By making these deductions, the net export price has been calculated as US\$ \*\*\* DMT.

### Export Price for Non-cooperating Exporters

20. For Non-cooperating exporters, the net export price has been calculated on the basis of lowest value export transaction of the cooperating producer/exporter. For non-cooperating exporter, the net export price has been calculated as US\$ \*\*\* DMT.

### China PR

21. The Authority sent copies of exporter's questionnaire and questionnaire on market economy treatment to exporters in china PR. The exporter M/s S P Chemical (Taixing) Co. Ltd. responded to the initiation notification and provided information. Subsequently, the company did not respond to the letters of the Authority and rectified deficiencies pointed out. The company was declared non-cooperative. An exporter, M/s Tricon Energy Ltd., USA has provided information on the exports made to India which was purchased from M/s S P Chemicals. As no producer from China has cooperated in this investigation and provided any information for rebutting the non-market treatment as per para 8(2) of Annexure 1 of the AD Rules therefore, the presumption of non market economy as per para 8(2) of Annexure 1 of the AD Rules remain unrebutted. The authority, therefore, has determined the normal value in accordance with para 7 of the above said annexure. In absence of any information, the Authority has determined the normal value by adopting the method "or any other reasonable basis".

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### Normal Value for China PR

22. The Authority has constructed the normal value by taking the domestic prices of the raw material (international prices of raw material as per DGCI&S data were not represented and was much higher than the domestic prices of raw material), consumption norms and conversion cost of the domestic industry. To this a profit margin @ 5% has been added. By this method, the normal value has been determined as US\$ \*\*\* DMT for lye and US\$ \*\*\* DMT for solid.

### Export Price for M/s Tricon Energy Ltd., USA

23. The exporter M/s Tricon Energy Ltd. has provided the export-wise transaction details of the exports made to India for the subject goods procured from Korea ROK and China PR. For determination of export price, all transactions of export and procured from China have been taken into consideration. The sale by S P Chemicals to Tricon Energy were made on the fob basis, however, the sale in India by the Tricon Energy were made on cif or cfr basis. To determine the ex-factory export price, the expenses incurred on account of internal transportation and other misc. expenses have been adjusted from the sale price from M/s S P Chemicals to M/s Tricon Energy Ltd. By this methodology, the export price has been calculated as US\$ \*\*\* DMT.

### Export Price for Non-cooperating exporters from china PR

24. The Authority noted that there is a considerable difference in volume and prices as reported in DGCI&S and World Trade Atlas (on the basis of China custom data). The export price has been determined on the basis data of the World Trade Atlas. For determination of export price, all reported transactions have been taken into account and export price has been calculated on weighted average basis. To calculate the net export price, expenses on internal freight and trade handling charges have been deducted. By this method, the net export price has been calculated as US\$ \*\*\*/DMT for lye and US\$ \*\*\*/DMT for solid.

### Dumping Margin

25. Based on the normal value and export price as determined above, the Authority determined the dumping margin as under:

### Dumping Margin

Exporter/Producer	Normal Value USD/DMT	Export Price USD/DMT	Dumping Margin USD/DMT	Dumping Margin %
M/s Tricon Energy Ltd., USA (Lye)	***	***	***	17.91
Non-cooperating exporters from China(LYE)	***	***	***	***
Non-cooperating exporters from China(Solid)	***	***	***	***
Non-cooperating exporters from	***	***	***	65.08

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China(weighted Average)				
Hanwha Chemical Corporation through Hanwha Corporation and Tricon Energy Ltd. (Lye)	***	***	***	-1.21
Non-cooperating exporters from Korea ROK (Lye)	***	***	***	8.18

### D. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINK

#### INJURY DETERMINATION

##### Examination by the Authority

26. The Authority has taken note that for the sunset review, the relevant provisions of Section 9(A)(5) of the Customs Tariff Act read as under:

*“The anti-dumping duty imposed under this section shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition:*

*Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.”*

27. Rule 23 of the Anti-dumping Rules provide for procedure for conducting sunset review. For conducting the review, the provisions of Rule 6,7,8,9/10, 11, 16,17,18,19 and 20 have been made applicable. The Authority notes that as per Rules, present state of injury is to be assessed in the sunset review.

28. In this regard Article 3.1 of the ADA and 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 authorities are required to examine whether there has been a significant increase in imports, either in absolute term or relative to production or consumption in the importing member. With regard to the price effect of the dumped imports, the authorities are required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree, or prevent price increase, which would have otherwise occurred to a significant degree.



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29. For the purpose of assessing present state of injury, the Authority has examined the volume and price effects of dumped imports of the subject goods on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any.

**(A) VOLUME EFFECT:** Volume effect of dumped imports and impact on domestic industry:

30. The effects of volume of dumped imports from subject country has been examined as follows:

### Import volumes and share of the subject country:

Particulars	Unit	2004-05	2005-06	2006-07	July'06- June'07(POI)
<b>Market share in Imports</b>					
Korea ROK	MT	17,960	22,016	14,907	23,421
China PR	MT	59	14,373	98,424	91,537
Subject Countries	MT	18,019	36,390	1,13,331	1,14,958
Countries already attracting anti-dumping duty	MT	16,144	16,239	28,813	16,163
Other Countries	MT	25,359	1,897	6,136	2,829
Total Imports	MT	59,522	54,526	1,47,480	1,33,950
Trend	Indexed	100	91.61	247.78	225.04
<b>Market share in Imports</b>					
Korea ROK	%	30.17	40.38	10.11	17.48
China PR	%	0.10	26.36	66.74	68.34
Subject Countries	%	30.27	66.74	76.84	85.82
Countries already attracting anti-dumping duty	%	27.12	29.78	18.99	12.07
Other Countries	%	42.60	3.48	4.16	2.11

31. It has been noted that there is considerable difference in volume and value of imports data provided by DGCI&S and as available from the World Trade Atlas. It was confirmed from verified transactions of imports from Korea ROK that all transactions of imports were not captured in the DGCI&S data, however, DGCI&S has provided transaction-wise data on imports, the same has been relied on for analysis in this findings. The data shows that imports from subject countries has risen from 18,019 MT in 2004-05 to 1,14,958 MT in POI. The total imports rose from 59,522 MT to 1,33,950 MT. The share in imports of subject countries has increased from 30.27% in 2004-05 to 85.82% in POI. The share of countries already attracting duty fell from 27.12% to 12.07% during the same period.

32. It has been noted that the demand of the subject goods grew by 13% in POI as compared to base year. The market share of the subject countries increased by less than 1% in 2004-05 to 5.44% in POI.

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### Demand, Production and Market Shares

Particulars	Unit	2004-05	2005-06	2006-07	POI
Demand	MT.	18,64,193	19,58,812	20,86,990	21,14,738
Trend	Indexed	100	105.08	111.95	113.44
Domestic Industry	MT.	7,49,242	7,92,046	8,06,912	8,44,811
Captive consumption	MT	1,67,570	1,58,397	1,58,422	1,70,353
Sale of other producers	MT.	8,87,859	9,53,844	9,74,176	9,65,624
Imports – subject countries	MT.	18,019	36,390	1,13,331	1,14,958
Imports – other countries	MT	41,502	18,136	34,149	18,992
<b>Market Share in demand</b>					
Domestic Industry (incl. captive)	%	49.18	48.52	46.25	48.00
Other Indian producers	%	47.63	48.70	46.68	45.66
Imports from Korea	%	0.96	1.12	0.71	1.11
Imports from China PR	%	0	0.73	4.72	4.33
Subject countries	%	0.97	1.86	5.43	5.44
Other countries attracting duty	%	0.86	0.82	1.35	0.76
Other countries	%	1.36	0.10	0.29	0.13
Total Imports	%	3.19	2.78	7.07	6.33

33. The demand of the subject goods has been calculated by addition of domestic sales including captive consumption of the domestic industry, estimated sales of the other Indian producers and all imports from all countries.

34. The above data indicate that demand grew by 13% in POI as compared to base year. During the same period, the market share of domestic industry declined from 49.18% to 48%, the share of other producers which was 47.63% declined to 45.66% and the share of subject countries increased from less than 1% to 5.44%. However, it is noted that the share of total imports has increased from 3.19% in base year to 6.33% in the POI.

#### a) Capacity, Capacity Utilisation and Production of the Domestic Industry

Particulars	Unit	2004-05	2005-06	2006-07	POI
Capacity	MT	8,69,057	9,56,320	11,46,875	11,50,375
Trends	Indexed	100	110	132	132
Production	MT	8,59,156	9,22,225	9,68,632	10,01,988
Trend	Indexed	100	107	113	117
Capacity	%	98.86	96.43	84.46	87.10

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Utilization					
Trend	Indexed	100	98	85	88

35. The above data shows that the domestic industry has increased capacity in 2005-06 and 2006-07/POI as compared to base year. The capacity increased by 10% in 2005-06 and 32% in 2006-07/POI as compared to base year.

36. The production of the subject goods grew by 7% in 2005-06, 13% in 2006-07 and 17% in POI as compared to base year. The capacity utilization (enhanced capacity) declined to 87% in POI as compared to 99% in the base year. It has been noted that the capacity utilization of those producers have declined who had added capacity during the injury period.

#### **b) Sales of Domestic Industry**

Particulars	Unit	2004-05	2005-06	2006-07	POI
Domestic sales Lye	MT	5,42,838	5,76,125	6,19,462	6,50,685
Trend	Indexed	100	106.13	114.12	119.87
Domestic sales - Flake	MT	2,06,404	2,15,921	1,87,451	1,94,125
Trend	Indexed	100	104.61	90.82	94.05
Sales - Exports	MT	16,292	32,077	41,856	33,630
Trend	Indexed	100	196.89	256.91	206.42
Captive consumption	MT	1,67,570	1,58,397	1,58,422	1,70,353
Trend	Indexed	100	94.53	94.54	101.66
Total domestic Sales	MT	9,16,812	9,50,443	9,65,334	10,15,163
Trend	Indexed	100	103.67	105.29	110.73
Total domestic sale excl. captive consumption	MT	7,49,242	7,92,046	8,06,912	8,44,811
Trend	Indexed	100	106	108	113

37. The domestic industry is selling the subject goods in Lye and solid (including flake) form. The above data shows that domestic sale (lye) of the domestic industry has increased by 19% in POI as compared to base year. The domestic sale of subject goods in solid form has declined to 94 (indexed) as compared to 100 of the base year. The captive consumption, however, has not changed from base year to POI. The total domestic sale including captive consumption increased by 11% in POI as compared to base year. The total domestic sale excluding captive consumption indicate similar trend, however, it increased by 13% in POI as compared to base year.

#### **(B) Price Effect of the Dumped imports on the Domestic Industry**

38. The impact on the prices of the domestic industry on account of imports from the subject countries have been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis, weighted average Net Sales Realisation (NSR) and the Non-Injurious Price (NIP) of the domestic industry (worked out on the basis of the costing

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information of the domestic industry) have been compared with landed value of imports from the subject countries.

### Price Undercutting - China

Particulars	Unit	2004-05	2005-06	2006-07	POI
Export Price-Lye	Rs./MT	Nil	14804	15533	15455
Landed Value-Lye	Rs./MT	Nil	17195	17649	17463
Export Price - Flakes	Rs./MT	13209	14840	14616	15223
Landed Value - Flakes	Rs./MT	16010	17237	16607	17202
Net Sales Realisation (Lye)	Rs./MT	***	***	***	***
Net Sales Realisation (Flake)	Rs./MT	***	***	***	***
Price Undercutting - Lye	Rs Mt		***	***	***
Price Undercutting - Lye	%		***	***	***
Price Undercutting - Flake	Rs Mt	***	***	***	***
Price Undercutting Flake	%	***	***	***	***

### Price Undercutting – Korea ROK

Particulars	Unit	2004-05	2005-06	2006-07	POI
Export Price – Lye	Rs./MT	7940	13520	16272	15536
Landed Value-Lye	Rs./MT	9623	15704	18489	17554
Net Sales Realisation (Lye)	Rs./MT	***	***	***	***
Price Undercutting – Lye	Rs MT	***	***	***	***
Price Undercutting – Lye	%	***	***	***	***

### Price Undercutting – Subject Countries

Particulars	Unit	2004-05	2005-06	2006-07	POI
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Landed Value-Lye	Rs./MT	9623	16130	17797	17485
Landed value -Flake	Rs./MT	16010	17268	16608	17202
Landed value – weighted average	Rs./MT				17439
Net Sales Realisation (Lye)	Rs./MT	***	***	***	***
Net Sales Realisation (Flake)	Rs./MT	***	***	***	***
Price Undercutting – Lye	Rs./MT	***	***	***	***
Price Undercutting – Lye	%	***	***	***	***
Price Undercutting – Flake	Rs./MT	***	***	***	***
Price Undercutting (Flake)	%	***	***	***	***
Price Undercutting – Weighted average	Rs./MT				***

### Price Underselling

(Value in Rs./KG)

Net Sales Realisation (Lye)	***
Net Sales Realisation (Flake)	***
Net Sales Realisation (weighted average)	***
Non Injurious Price (Lye)	***
Non Injurious Price (Flake)	***
NIP (weighted average)	***
Landed Value (Korea ROK) - Lye	17554
Price Underselling-Lye (Korea ROK)	***
Price Underselling (%)	***
Price Underselling range	
Landed value (China PR) – Lye	17463
Landed Value (China PR) - Flake	17201
Landed Value (China) – Wt. Avg.	17409
Price Underselling (China PR) Lye	***
Price Underselling - Flake	***
Price Underselling (China PR Wt Avg)	***

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Price Underselling (%) - Lye	***
Price Underselling (%) - Flake	***
Price Underselling (%) – Wt. Avg.	***
Landed value (Subject Countries)	***
Price Underselling	***
Price Underselling (%)	***
Price Underselling range	

39. A comparison for subject goods during the period of investigation was made between the weighted average landed value of dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, the rebates, discounts and commission offered by the domestic industry have been adjusted.

40. The export price (lye) from the subject countries has shown rising trend. The export price has increased from 2003-04 to 2005-06, however, there was slight decline in the POI. During the same period, the customs duty declined from 20% in base year to 10% in POI. The landed value from the subject countries continued to increase till 2005-06, however, there was slight decline in the POI. The net selling price (lye) of the domestic industry continued to increase from base year to POI. The price undercutting from the subject countries was negative in 2005-06, 2006-07 and POI. In respect of subject goods (in solid form), the imports have been reported from China PR only. The export price continued to increase from base year to POI, however, the net sale realization of the domestic industry continued to increase till 2006-07, however, it declined in the POI.

41. It has been noted that the undercutting of the prices of subject goods (lye) by imports from subject countries were negative, however, undercutting of the prices of subject goods (solid form) by imports were in the range of 7-15% in POI. On the basis of World Trade Atlas data, the undercutting was in the range of 5-10% (lye and solid in respect of China PR)

42. The price underselling is an important indicator of assessment of injury; thus, the Authority has worked out a non injurious price and compared the same with the landed value to arrive at the extent of price underselling. The non-injurious price has been evaluated for the domestic industry by appropriately considering the cost of production for the product under consideration during the POI. The analysis shows that the underselling during POI from Korea was negative, however, in respect of China PR, the underselling was positive. It was less than 5% during POI. The underselling for the subject countries was also less than 5%. On the basis of World Trade Atlas data, the underselling was in the range of 20-25% (lye and solid in respect of China PR.).

### Examination of other Injury Parameters

43. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and major injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other

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economic parameters which could indicate existence of injury to the domestic industry have been analysed hereunder as follows:

### (i) Profits and Actual and Potential Effects on Cash Flow

(Merchant sale)

Particulars	Unit	2004-05	2005-06	2006-07	POI
Profitability					
Cost of sales (Lye)	Rs./MT	***	***	***	***
Trend	Indexed	100	102.76	114.98	116.96
Selling Price (Lye)	Rs./MT	***	***	***	***
Trend	Indexed	100	120.35	129.87	130.56
Profit/ Loss (Lye)	Rs./MT	***	***	***	***
Trend	Indexed	100	228.32	221.26	214.04
Cost of sales (Flake)	Rs./MT	***	***	***	***
Trend	Indexed	100	103	122	120
Selling Price (Flake)	Rs./MT	***	***	***	***
Trend	Indexed	100	112	125	123
Profit/ Loss (Flake)	Rs./MT	***	***	***	***
Trend	Indexed	100	133	132	132
Profit/Loss(PBIT)	Rs. Lacs	***	***	***	***
Trend	Indexed	100	166	165	169
Cash Profit	Rs. Lacs	***	***	***	***
Trend	Indexed	100	165	168	173

44. The profitability of the merchant sales of the domestic industry has been analyzed from the records of the domestic industry.

45. The data shows that the cost of sales of Lye increased by 17% in POI as compared to base year and the selling price increased by 31% in the same period. In terms of rupees, the cost of sales increased by Rs.1773/MT. in POI as compared to base year whereas the selling price increased by Rs.3717/MT. during the same period. The profit per MT increased by 114% in POI as compared to base year. In terms of rupees it increased by Rs.1943/MT. The data also shows that the cost of sales of solid (incl. flakes) increased by 20% in POI as compared to base year and the selling price increased by 23% in the same period. In terms of rupees, the cost of sales increased by Rs.2144/MT. in POI as compared to base year whereas the selling price increased by Rs.3591/MT. during the same period. The profit per MT increased

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by 114% in POI as compared to base year. In terms of rupees, it increased by Rs.1447/MT

46. The profit (PBIT) in indexed form increased by 69% in POI as compared to base year.

47. Majority of producers of the domestic industry are multi-product company therefore it was not possible to determine the actual magnitude of cash-flow of the product. However, the cash flow profit has been determined by addition of amount of depreciation to the profit (profit before tax). The trend shows that the cash profit has increased by 73% in POI as compared to base year.

### (ii) Employment and Wages

Particulars	Unit	2004-05	2005-06	2006-07	POI
Employees	Nos.	***	***	***	***
Trend	Indexed	100	99.24	97.42	97.15
Wages paid to employees	Rs. Lacs	***	***	***	***
Trend	Indexed	100	114.54	133.53	137.45

48. The number of employees actually declined to 97 (indexed) as compared to 100 of the base year. It is noteworthy that the no. of employees have declined despite the addition of capacity by the domestic producers. The wages paid to employees, however has increased by 37% in POI as compared to base year.

### (iii) Productivity

Particulars	Unit	2004-05	2005-06	2006-07	POI
Production	MT	8,59,156	9,22,225	9,68,632	10,01,988
Trend	Indexed	100	107	113	117
Productivity per employee	MT	***	***	***	***
Trend	Indexed	100	108.16	115.73	120.05

49. The data shows that productivity calculated as a production per employee has improved by 20% in POI as compared to base year.

### (iv) Inventories

Particulars	Unit	2004-05	2005-06	2006-07	POI
Average inventories	MT	***	***	***	***
Trend	Indexed	100	76.24	78.45	123.93
No. of days sales	Days	***	***	***	***

50. The data on inventory shows that average inventory has increased by 24% in POI as compared to base year. However, in terms of days' sales, the inventory remained same in POI as compared to base year. It was 5 days in base year, declined to 4 days in 2005-06 and 2006-07, however, in POI it was 6 days.



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### (v) Return on Investment and Ability to Raise Capital

Particulars	Unit	2004-05	2005-06	2006-07	POI
NFA	Rs. Lacs	***	***	***	***
Working Capital	Rs. Lacs	***	***	***	***
Capital Employed- NFA Basis (Total)	Rs. Lacs	***	***	***	***
Trend	Indexed	100	113	126	123
Return on Capital Employed (Domestic)	%	***	***	***	***
Trend	Indexed	100	146	132	138

51. The domestic industry has increased the capital employed during POI as compared to base year. The increase in capital employed was on account of net fixed assets. It has been noticed that working capital has declined in POI as compared to base year. The total capital employed increased by 23% during POI as compared to the base year. The return on capital employed improved in POI as compared to base year. In indexed form, the return on capital employed increased by 42% in POI as compared to base year.

#### vi) Factors affecting prices

52. Evaluation of export prices from subject countries shows that the prices have increased from base year to POI. The customs duty has, however, been declining from base year to POI. From 20% in 2003-04 it declined to 10% during POI. The landed value of the subject goods increased from base year to POI. The cost of sales of the domestic industry also increased from base year to POI.

#### vii) Growth

53. The capacity, production, sale, productivity, profits and return on capital employed of the domestic industry shows positive growth.

### E. Conclusion on Injury

54. The interested parties (M/s Hanwha Chemicals Corporation, M/s Hanwha Corporation, M/s Tricon Energy Ltd. and M/s Hindustan Unilever Ltd.) raised the issue that the distinction between subject goods into lye and solid form is erroneous and the injury analysis should be reworked for subject goods as a whole without distinction between said grades. In this regard, it has been noted that the product under consideration is caustic soda in its different forms. The injury analysis is for like article, however, for different forms have been analysed to understand the impact of the imports on its various forms.

55. The demand of subject goods has increased by approx. 13% in POI (July 06 to June 07) as compared to base year i.e. 2004-05. During this period, the domestic industry has increased capacity by 32% (281318 MT) and production by 17% (142832 MT). The capacity utilization (enhanced) however, declined to 87%. The sales (domestic, captive consumption and exports) increased by 98351 MT. The sales (including captive consumption) increased by 11% and by 13% (excluding captive

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consumption). The estimate sales of other producers (estimate was provided by the applicant) also increased by 77765 MT. The average inventory measured in terms of sale days increased to 6 days in POI as compared to 5 days in base year.

56. The data indicate that domestic industry has improved its performance in terms of production and sale. The market share of the domestic industry has declined to 48%, however, the market share of other producers (authentic data is not available) also command 46% indicating that the domestic producers command approx. 95% share in the market. The unutilized capacity however indicate that the domestic industry has capacity to enhance the production to meet growing demand in the market.

57. The financial performance of domestic industry during the injury period shows improvement in terms of profit per unit (both for lye and solid form) and profits (PBIT). The return on capital employed shows considerable improvement and in the indexed form it improved by 42%.

58. The lego-economic parameters for analysing injury indicate that the domestic industry has improved its performance in volume and financial term during the injury period.

59. The interested parties (M/s Hanwha Chemicals Corporation, M/s Hanwha Corporation, Tricon Energy Ltd. and M/s Hindustan Unilever Ltd.) have raised the issue that the domestic industry has been coming before the Authority by including and excluding members of its Association to take part in the investigation based on circumstances and timing of the investigation. In this regard, the Authority has assessed cost audit reports of some other producers and noted that injury analysis for other producers cannot be conducted as the POI is for a period different from that reported in the cost audit reports. However, the non-injurious price were estimated on the basis of data available and it was found that the same is comparable as that one calculated on the basis of data of the participating producers of the domestic industry. It has been further noted that the participation of other producers would not make any difference as the participating producers data indicate improvement in the performance as analysed in the preceding paragraphs.

## F. OTHERS KNOWN FACTORS AND CAUSAL LINK

### Volume and prices of imports from other sources

60. It has been seen that total Imports from all countries increased from 59522 MT in 2004-05 to 1,33,950 MT in POI. It has also been noticed that some other countries have been attracting anti-dumping duty during the POI. The imports from other countries not attracting anti-dumping duty declined from 25359 MT to 2829 MT during the POI. The imports from other countries not attracting duty have actually declined, therefore, it does not appear to be factor affecting the performance of the domestic industry.

### Contraction in demand and / or change in pattern of consumption

61. Demand of the product under consideration has increased by 13% during POI as compared to base year. Contraction in demand, therefore, is not a possible reason, which could be affecting the performance of the domestic industry.

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### Trade restrictive practices of and competition between the foreign and domestic producers

62. The subject goods are freely importable and there are no trade restrictive practices in the domestic market. Therefore, this factor could not be reason affecting the performance of the domestic industry.

### Development of technology and export performance

63. Technology for production of the product is same for domestic industry and as used by the producers in the subject countries. Development in technology is not a factor which could affect the performance of the domestic industry.

64. The domestic industry has very small export activity. The export sale has increased by approx. 100% in POI as compared to base year. However, compared to domestic sale, it was only 3% in POI. The export performance, therefore, cannot be considered a factor affecting the performance of the domestic industry.

### Productivity of the Domestic Industry

65. Productivity of the domestic industry measured as production per employee have improved considerably during POI as compared to base year.

## G. LIKELIHOOD OF CONTINUANCE OF DUMPING AND INJURY

### 66. Submissions by the domestic industry on the continuation of recurrence of dumping

- a) Dumping margins from each of the countries are more than limits prescribed. Thus, product is continued to be exported at dumping prices.
- b) As per CMAI reports, capacity and production levels of Korean and Chinese producer has been as under:

MT	Korea	China PR
Demand	1,281,000	13,349,000
capacity	1,315,000	14,250,000
Surplus	34,000	901,000
Production	1,235,000	13,259,000

Given huge surplus, it is evident that the exporter would prefer to sell wherever it gets best possible prices.

- c) The present demand-spply situation in the world is as follows:

	Million MT
Demand	55.364
Capacity	63,383
Surplus	8.019

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67. As there is surplus capacity in Korea and China PR as also on a worldwide basis, domestic industry submits that there is likelihood of significant exports from Korea and china to Indian market.

68. As per information published by respective Customs authorities, the producers from subject countries have exported significant volumes to a number of countries, which includes Australia, Canada, Malaysia, Philippines, Singapore, Thailand, South Africa, USA. The information is on the basis of data released by the respective customs authorities of these countries. Petitioner submits that the estimates of normal value provided earlier and these FOB export price would establish that

- Exports to third countries are at dumping prices;
- There is significant price difference inter-se countries. For example, in feb.'07, the price to Australia was US\$ 149, while the same was US\$ 243, 308, 255 and 310 for Canada, India, South Africa and USA respectively. Similar is the trend for other months. Evidently, the exporters are considered to sell the product at prevailing prices. The exporters do not have their own prices;
- There is no correlation between the export price and associated volumes. While sometime higher the volume, lower the price; at other times, higher the volumes, lower the prices. In fact, it may not be surprising to find lowest price alongwith lowest volumes. For example, exports to Canada was at US\$ 249 (2008 MT), while the same month, exports to India were at 308 (5077 MT), Thailand were at 250 (2013 MT) and USA were at 293 (7157 MT). Thus, volumes have no relationship with the prices.

Petitioner submits that this clearly establishes likelihood of intensified dumping in the event of revocation of anti-dumping duties. Should the present anti-dumping duties be revoked, the exporters would be constrained to sell at prevailing prices, in line with other international suppliers.

69. It has further been submitted by the applicant that responding exporter must establish that dumping is unlikely to continue in the event to revocation of duty. In this regard, a number of questions have been listed which should be asked to the exporter. It has also been submitted that unless exporter establishes on the basis of information that dumping unlikely to continue or intensify in the event of revocation of anti-dumping duties, it must be held that dumping would continue and intensify in the event of revocation of anti-dumping duties.

### **H. Likelihood of Continuation of Recurrence of Injury**

#### **Submissions by the domestic industry**

70. While performance of the domestic industry was not very adverse during the current injury period, in any case, vulnerability of the domestic industry is established by deterioration after 2005-06. The following parameters show that injury to domestic industry is likely in case present anti-dumping duties are withdrawn.

1. Performance of the domestic industry improved up to 2005-06. Performance started deteriorating from 2006-07 with imports increasing significantly.

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2. Whereas the market share of the Indian producers remained almost the same between 2004-05 and 2005-06, the market share of the domestic industry and Indian producers declined and that of imports from various sources, including subject countries, increased in the current investigation period. The increase in market share of imports was in spite of increase in capacity and production and was a direct consequence of increase in imports during the current investigation period. This clearly establishes vulnerability of the domestic industry.
3. Performance of the domestic industry in terms of various price parameters, such as profits, return on investments and cash flow improved up to 2005-06 and deteriorated thereafter when imports from subject countries have shown significant increase.
4. All past investigations have shown that market for caustic soda is highly price sensitive and the imports are being made in view of the fact that the landed prices of imports have been lower than selling price of the domestic industry at that particular moment. So price sensitive the market is that a difference of Rs.500 PMT can lead to loss of order.
5. The subject goods are continuing to enter the Indian market from subject countries at dumping prices at prices below the selling price and non-injurious price of the domestic industry.
6. Exporters from the subject countries to other countries are at significantly dumped prices. The dumping margin in respect of other countries is at best higher than dumping margin in case of India. This clearly shows that the subject countries producer would prefer to sell higher volumes in Indian market as compared to other countries.
7. Comparison of export price from subject countries to third countries and prices of the domestic industry shows that prices prevailing in Indian market are significantly higher than the price at which material is exported to other countries.
8. The available information shows that the producers in both the subject countries are still left with unutilised capacities.
9. In a situation where a producer is fully utilizing its capacities, petitioner submits that the various price options with the producer would decide his sale options. Thus, the producer in subject countries would like to sell more in Indian market, given higher prices in the Indian market and competition which they are facing in its major markets such as Australia, South Africa, Singapore, Thailand, Malaysia, etc. It is relevant to note that the Designated Authority has earlier found that major exports of Taiwanese producer were to Australia, Korean producer competes with these global suppliers in major importing markets. Under the situation, higher Indian prices are naturally lucrative to the foreign producers.

### **71. Submissions by Interested Parties (M/s Hanwha Chemicals Corporation, M/s Hanwha Corporation, Tricon Energy Ltd. and M/s Hindustan Unilever Ltd.)**

- a. Since there are continued exports from the subject countries, the Hon'ble Designated Authority must only examine, whether the exports are being made at dumped prices; and thus there is no need to assess the recurrence of dumping.
- b. Also, the petitioners have been securing an extension on continuation of anti-dumping duties on the subject goods exported from other countries (Iran, USA, Saudi Arabia, France, Japan, Qatar, Chinese Taipei, Indonesia, EU – Excluding

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- France) on the basis of continued dumping or recurrence of dumping, whereby they have failed to show as to how they would raise the net realisation prices when they have failed to realise in this investigation.
- c. In view of the above, the interested parties submit that they did not practice dumping in the original investigation nor they have been dumping in the last five years or during the sunset review period of investigation. Therefore, there is no question of assessing/analysing recurrence or continuation of dumping based on third country exports within the facts of the case as regards the interested parties is concerned.
  - d. As regards injury is concerned, it has been admitted by the petitioners that they have been selling the subject goods at profits, which concludes that there is no price undercutting at least from exports made by the interested parties. It is also admitted by the petitioners that the interested parties have been selling the subject goods into India beyond the reference benchmark prices based on the domestic demand – supply situation considering that here was already a “NIL” rate of duty imposed on exports made by interested parties. Also the petitioners have been securing an extension or continuation of anti-dumping duties on the subject goods exported from other countries (Iran, USA, S. Arabia, France, Japan, Qatar, Chinese Taipei, Indonesia, EU – Excluding France) on the basis of continued dumping or recurrence of dumping, whereby they have failed to show as to how they would raise the net realisation prices when they have failed to realise in this investigation
  - e. The petitioners in their written submissions have requested the Hon'ble Designated Authority to call for information on similar lines as is required under the US and EC laws. In this regard, it is humbly submitted that there is no legal basis for seeking information in such a manner under the Indian Anti-dumping laws as they exist today and the US and EC practices are inapplicable in an investigation carried out under the Indian law.
  - f. Further, it is submitted that the request for revising the domestic industry application format and exporters and importers questionnaire format for sunset review investigations is a separate policy and should not be dealt with in the present proceedings. Such a request unnecessarily dilutes the focus of the investigation and shall be disregarded.
  - g. While the petitioners have exaggerated on the threat of injury, the imports from the subject countries are causing no such threat as much as claimed by the petitioners. The information as regards the exports of caustic soda from subject countries to other third countries using the customs data cannot be relied upon, as there is nothing to show that the basis of the pricing data and the unit of measurement (DMT/LMT) taken into consideration remains unknown.

## Examination by the Authority

### Causal Link, Likelihood of Continuance or Recurrence of Dumping and Injury

72. The imports from subject countries were not undercutting the price of the domestic industry in case DGCI&S data is relied upon, however, it was noticed that the imports from Korea ROK on the basis of data provided by cooperating exporter were higher than that reported by DGCI&S indicating the data of DGCI&S has not captured all imports and its prices. The other source of data is World Trade Atlas. The data from this source indicate that not only imports from China PR were substantially higher but also undercutting the domestic selling price in the range of 5-10%. The underselling, however, was in the range of 20-25%.

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73. The current anti-dumping duty is in the form of reference price which was based on non-injurious price worked out on the basis of cost of production/sale of the domestic industry. During the course of five years the reference price became irrelevant in view of the fact that cost of sales have increased considerably.

74. As analysed in section C of the findings, there was no dumping from cooperating producer/exporter from Korea, however, in respect of China PR not only dumping, even the price undercutting continued. The import data also show that the share of China PR (as per DGCI&S data) increased to 68% in total imports during POI as compared to 0.1% in the base year

75. It has also been noted that the data reported in the World Trade Atlas in respect of China PR is considerably higher than that reported by the DGCI&S. It has further been noted that the values of the export reported in the World Trade Atlas is considerably lower than that reported in the DGCI&S. It is further noted that imports to India from China continue to increase in the post POI period. The prices of export to India is lower than the other countries.

76. In respect of Korea ROK, the data reported in the World Trade Atlas indicates that the prices from Korea ROK to other countries varies country-wise in the years 2005, 2006 and 2007. To one of the country, the export price is considerably lower than the export price to India.

77. The data of exports from subject countries as per WTA is as under:

### **Import of Caustic Soda Lye (CSL) and Caustic Soda Flake (CSF) from China (period July to June)**

	Unit	July 2005 – June 2006	July 2006 to June 2007	July 2007 to June 2008
CSL – India	KG	42852418	122480960	163656050
CSL – India	US\$/KG	.12	.16	.19
CSL – Australia	KG	249216433	279537273	279393946
CSL – Australia	US\$/KG	.13	.16	.19
CSL – Canada	KG	0	161922147	229981959
CSL – Canada	US\$/KG		.19	.26
CSL – United States	KG	114897330	151326434	215506896
CSL – United States	US\$/KG	.17	.15	.21
CSL – Taiwan	KG	41855211	39715832	58407568
CSL – Taiwan	US\$/KG	.19	.25	.28
CSL – Total World	KG	678595353	1065343783	1176242235
CSL – Total World	US\$/KG	.15	0.17	0.23
CSF - India	KG	20737800	18182025	12604250
CSF - India	US\$/KG	0.26	0.30	0.39
CSF - Bangladesh	KG	50128200	78332950	65096725
CSF - Bangladesh	US\$/KG	0.25	0.28	0.33
CSF - Vietnam	KG	39199930	51491873	58231000
CSF - Vietnam	US\$/KG	0.25	0.29	0.35
CSF - Nigeria	KG	37686425	32801000	29283800
CSF - Nigeria	US\$/KG	0.27	0.31	0.35
CSF - Brazil	KG	15380125	10386000	16538570

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CSF – Brazil	US\$/KG	0.27	0.29	0.37
CSF - Pakistan	KG	18826400	1758000	8117090
CSF - Pakistan	US\$/KG	.27	0.28	0.34
CSF - US	KG	19935134	21018425	5893736
CSF - US	US\$/KG	0.34	0.35	0.41
CSF - World	KG	383134218	449800489	429072916
CSF - World	US\$/KG	.27	.30	.36

### Import of Caustic Soda Lye (CSL) from South Korea ( January to December)

	Unit	2005	2006	2007
CSL – India	KG	20517088	24849142	16236699
CSL - India	US\$/KG	0.29	0.27	0.30
CSL- Australia	KG	85939685	147676182	163189448
CSL - Australia	US\$/KG	.16	.19	.21
CSL – US	KG	75120097	74243035	66974735
CSL – US	US\$/KG	.29	.27	.33
CSL – Brazil	KG	9137878	19666616	17809667
CSL – Brazil	US\$/KG	.27	.23	.36
CSL – Canada	KG	2996893	5009261	15918977
CSL – Canada	US\$/KG	.25	.25	.31
CSL – Total World	KG	221960552	310592599	295745750
CSL – Total World	US\$ / KG	.24	.23	.26

78. The analysis of data of the cooperating exporter indicate that dumping from cooperating exporter was not there during the POI, however, the data of World Trade Atlas indicate that exports from Korea to other countries was at prices considerably different from India keeping in view the nature of the industry which is price sensitive and keep on fluctuating, the data indicate that there is every likelihood that exports to India can be at prices lower than that as reported in the POI and export may be effected at dumped prices.

79. In case of China the estimated dumping margin indicate that dumping has been continuing and prices to India were lower than that of other countries. There is no material on record which indicates that dumping would stop from China PR in case duty is withdrawn.

80. The present state of domestic industry shows improvement in the performance on volume and financial terms. It has been noted that the improvement in the performance has occurred during the currency of anti-dumping duty. It has also been noted that market for this product is subject to lot of fluctuation and is price-sensitive. At present, the domestic industry is left with some unutilized capacity and imports from China PR captured the market share in demand. In case duty is withdrawn, there is likelihood that the exports from subject countries would be effected at dumped prices impacting adversely the selling price of the domestic industry and consequently profitability and profits.

## I. FINAL FINDINGS



## Final Findings

81. The Authority after considering the foregoing concludes that:

- a. Subject goods originating in or exported from China PR has been exported to India below their normal value, resulting in dumping;
- b. The performance of domestic industry has improved during the continuation of anti-dumping duty on the subject goods;
- c. And discontinuation of anti-dumping duties on the subject goods from subject countries likely to continue (from China PR) and likely to recur (from Korea ROK) leading to the recurrence of injury to the domestic industry.

### J. Indian industry's interest & other issues

82. 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 countries in any way, and, therefore, would not affect the availability of the products to the consumers.

### K. Recommendations

83. In view of positive determination of likelihood of dumping and injury on account of imports from subject countries the Authority is of the opinion that continuation of the measure is required against imports from subject countries. However, considering the current level of dumping from subject countries and performance of the domestic industry, the Authority is of the opinion that the measure in force needs to be revised. Therefore, Authority considers it necessary and recommends anti-dumping duty on imports of subject goods from subject countries in the form and manner described hereunder.

84. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of definitive anti-dumping duty equal to the margin of dumping or margin of injury whichever is lesser, so as to remove the injury to the domestic industry. Considering that the duty in the original investigation was imposed on reference price basis the Authority recommends continuation of definitive antidumping duty, on all imports of subject goods originating in or exported from subject countries, as the difference between the reference price as indicated in Col 9 of the table below and the landed value, in case the landed value at the time of importation is below the value indicated at Col.9.

S. No	Sub-Heading	Description of Goods	Specification	Country of Origin	Country of Export	Producer	Exporter	Amount	Unit of Measurement	Currency
1	2	3	4	5	6	7	8	9	10	11
1.	281511 281512	Caustic soda	Caustic soda lye and caustic soda solid/flakes	Korea ROK	Korea ROK	M/s Hanwha Chemical Corporation	M/s Hanwha Corporation	Not applicable	DMT	USD
2.	-do-	-do-	-do-	Korea ROK	Korea ROK	M/s	M/s Tricon	Not applicable	-do-	-do-

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						Chemical Corporation	USA			
3.	-do-	-do-	-do-	Korea ROK	Korea ROK	Any other than at S.No. 1 & 2 above		401.05	-do-	-do-
4.	-do-	-do-	-do-	Korea ROK	Any country other than Korea ROK	Any	Any	401.05	-do-	-do-
5.	-do-	-do-	-do-	Any country other than subject countries	Korea ROK	Any	Any	401.05	-do-	-do-
6.	-do-	-do-	-do-	China PR	China PR	Any	M/s Tricon Energy Ltd., USA	401.05	-do-	-do-
7.	-do-	-do-	-do-	China PR	China PR	Any other than at S.No.6 above		401.05	-do-	-do-
8.	-do-	-do-	-do-	China PR	Any country other than China PR	Any	Any	401.05	-do-	-do-
9.	-do-	-do-	-do-	Any country other than subject countries	China PR	Any	Any	401.05	-do-	-do-

85. Landed value of imports for the purpose shall be the assessable value as determined by Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

86. An appeal against this order, after its acceptance by the Central Government, shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

**(R. Gopalan)**  
**The Designated Authority**