INITIATION NOTIFICATION
(Case No. O.I. 03/2019)

Subject: Initiation of Anti-Dumping investigation concerning imports of “Chlorinated Polyvinyl Chloride (CPVC) - Whether or not further processed into compound” from Korea RP and China PR

1. F. No. 06 /03 /2019-DGTR: M/s DCW Limited and M/s Kem One Chemplast Pvt. Ltd. (hereinafter referred to as “petitioners” or “the applicants”) have filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act 1975, as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of injury) Rules, 1995, as amended from time to time (hereinafter referred to as the Rules), for initiation of anti-dumping investigation concerning imports of Chlorinated Polyvinyl Chloride (hereinafter referred to as the subject goods or product under consideration), originating in or exported from China PR and Korea RP (hereinafter referred to as the subject countries).

A. Product under Consideration

2. The product under consideration in the present investigation is “Chlorinated Polyvinyl Chloride resin (CPVC) - whether or not further processed into compound”. CPVC resin is processed with ingredients like stabilizers, lubricants, impact modifiers, processing aids, pigments to form the CPVC compound. CPVC is available in two grades - (a) Pipe grade and (b) Fitting grade.

3. CPVC is a thermoplastic produced by chlorination of Polyvinyl Chloride resin. It is significantly more flexible and can withstand higher temperatures than standard PVC. CPVC has excellent corrosion resistance at elevated temperatures. CPVC is ideally suited for self-supporting constructions where temperatures up to 200 °F (90 °C) are present. CPVC is significantly ductile, allowing greater flexure and crush resistance. Additionally, the mechanical strength of CPVC makes it a viable
candidate to replace many types of metal pipe in conditions where metal's susceptibility to corrosion limits its use. It is typically very difficult to ignite and tends to self-extinguish when not in a directly applied flame.

4. The product under consideration is classified under chapter 39 of Customs Tariff Act, 1975 and the subheading 39049000. However, the product has also been imported under these subheadings- 39042110, 39042190, 39042210, 39042290 and 39049000. The custom classification is indicative only and not binding on the scope of the investigation.

B. Like Article

5. The applicant has claimed that though the subject goods can be produced through two processes; (dry process and wet process), there is no difference in the product on account of different technology being used. The applicant has further claimed that product under consideration produced by the domestic industry is comparable in terms of physical & chemical characteristics, functions & uses, product specifications, pricing, distribution & marketing and tariff classification with the subject goods imported from the subject countries.

6. The applicant has also claimed that the subject goods produced by the domestic industry is technically and commercially substitutable with those goods imported from the subject countries and, hence, should be treated as ‘like article’ under the Rules. Therefore, for the purpose of the present investigation, the Authority treats the subject goods produced by the domestic industry in India as ‘Like Article’ to the product under consideration being imported from the subject countries.

C. Domestic Industry and Standing

7. The petition has been filed by the M/s DCW Limited. M/s Kem One Chemplast Pvt. Ltd. has also separately petitioned seeking imposition of anti-dumping duty. M/s DCW has claimed that it is the sole producer of the subject goods in India at present and a new entrant in the market. M/s Kem One Chemplast Pvt. Ltd. has claimed that it intends to set up manufacturing facilities for production of the product and had to put on hold its investment in view of adverse market due to dumping of the product in the Country. As per available records, the applicant company viz. M/s DCW is the sole domestic producer and eligible to constitute domestic industry within the meaning of Rules 2(b) and satisfies the criteria of standing in terms of Rule 5(3) of the Rules supra. M/s Kem One Chemplast Private Limited is also considered as Indian producer of subject goods albeit at project stage and will be investigated during the course of investigation.
8. There are some companies in India, who do not produce CPVC resin, but import CPVC resin, process the same into compound, largely for captive consumption for makings pipes. However, there is also a company who is importing resin from its affiliated supplier, processing the same into compound and selling in the market. The petitioner has also stated that there may be some importers of the resin from China or Korea who may be selling the compound in the market, in addition to their own captive consumption. The companies who do not have manufacturing facilities for production of CPVC resin and are merely compounders processing imported resin into compound, have not been considered as “domestic producer” of the product for the purpose of proposed investigations in accordance with Rule 2(b).

D. Subject Countries

9. The present investigation is in respect of alleged dumping of the product under consideration from China PR and Korea RP.

E. Normal Value

10. The petitioner has claimed that China PR should be treated as a non-market economy and the normal value should be determined in terms of Annexure I, Rule 7 of the Rules. The petitioner has claimed normal value in China on the basis of import prices into India from third countries namely; Japan, Thailand and USA, as the petitioner could not get relevant information on price or constructed value in market economy third country. However, the Authority has prima-facie considered the normal value of subject goods in subject countries on the basis of constructed values computed in terms of Para 7 of Annexure I to the Rules.

11. The petitioner has claimed normal value for Korea RP on the basis of prices at which the domestic consumers in Korea are buying the material for domestic consumption from international suppliers. The petitioner has claimed that such consumption price in Korea RP is a comparable price in the ordinary course of trade paid for the like article and is therefore satisfies the “consumption price” test determined under Section 9A.1(C). The Authority has prima-facie considered the normal value of subject goods in subject countries on the basis of constructed values as made available by the applicants for the purpose of this initiation.

F. Export Price

12. The export price has been estimated by the petitioner on the basis of DGCI&S import data and after making adjustments towards ocean freight, marine insurance, commission, bank charges, port expenses and handling charges etc. During the course of investigation, the Authority will also analyse transaction-wise import data from Directorate General of Commercial Intelligence & Statistics (DGCI&S)
G. Dumping Margin

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

14. There is sufficient prima facie evidence of the significant dumping margins to justify initiation of antidumping investigation.

H. Injury and Casual Link

15. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished evidences regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption, price suppression, price underselling, significant financial losses, negative ROCE, negative growth in various parameters, etc.

16. The applicant has also claimed that dumping of the product under consideration is materially retarding the establishment of the domestic industry. The production, sales, capacity utilization and market share of the domestic industry is quite low considering the demand for the product in the Country and considering that the domestic industry commenced commercial production sometime back.

17. From the foregoing, the Authority prima facie finds sufficient evidence of dumping of the subject goods originating in or exported from the subject countries, injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation in terms of Rule 5 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 establish as well as removal of the ‘injury’ to the domestic industry.

I. Initiation of anti-dumping investigation

18. The Designated Authority, in view of the foregoing paragraphs, initiates antidumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject countries.
J. **Period of Investigation**

19. The period of investigation for the purpose of the present investigation is 19th April 2017 to 30th September 2018 (18 months). The injury investigation period will, however, cover the periods 2014-15, 2015-16, 2016-17 and the POI. The period of investigation has been divided into quarters for the purpose of injury analysis in view of shorter length of data of domestic industry. The data beyond the POI may also be examined for the purpose of analyzing performance of domestic industry.

K. **Time Limit**

20. 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 publication of this Notification. 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.

21. 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 publication of this Notification. The information must be submitted in hard copies as well as soft copies.

L. **Submission of information**

22. The known exporters in the subject countries, the Government of the subject countries through their embassy in India, the importers and users in India known to be concerned with the product are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address:

   The Director General,  
   Directorate General of Trade Remedies,  
   Ministry of Commerce & Industry,  
   Department of Commerce,  
   4th Floor, Jeevan Tara Building,  
   5, Parliament Street, New Delhi -110001.

23. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner (downloadable from the website of the Authority at www.dgtr.gov.in within the time limit set out above. Any party
making any confidential submission before the Authority is required to submit a non-confidential version of the same to be made available to the other parties.

M. Submission of Information on Non-Confidential basis

24. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page. The interested parties are required to follow guidelines contained in Trade Notice No. 10/2018 dated 7th September, 2018 of this Directorate.

25. Information supplied without any confidential marking shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies of the confidential version and of the non-confidential version must be submitted by all the interested parties.

26. For information claimed as confidential; the supplier of the information is required to provide a good cause statement along with the supplied information as to why such Information cannot be disclosed and/or why summarization of such information is not possible.

27. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /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, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.

28. 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 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.

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

N. Inspection of Public File

30. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

O. Non-Cooperation

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

(Sunil Kumar)
Additional Secretary & Director General