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Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti Dumping & Allied Duties)
Udyog Bhawan, New Delhi

F.NO. 14/35/2010-DGAD

Dated the 7th December 2010

Initiation Notification

Subject: Initiation of anti-dumping investigation concerning imports of Melamine in India from European Union, Iran, Indonesia and Japan

Whereas M/s. Gujarat State Fertilizers and Chemicals Ltd., Vadodra (herein after also referred to as applicant or petitioner) has filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 (herein after referred to as the Act) and 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 Rules), alleging dumping of melamine (herein after also referred to as subject goods) originating in or exported from European Union, Iran, Indonesia and Japan (herein after also referred to as “subject countries”) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present petition is Melamine, a tasteless, odorless, and non-toxic substance. Melamine formaldehyde resin is used for laminates as it offers good hardness, resistance to scratch, stain, water and heat. Laminates used in some electrical applications possess high mechanical strength, good heat resistance and good electrical insulating properties. Asbestos filled Melamine resins possess very high dielectric strength and high resistance. Beside the best dimensional stability, Melamine Formaldehyde moulding powder gives clear and bright colors, easily moldable and offers resistance to surface scratching.

Melamine is reacted with formaldehyde and made into resins or moulding powder for making innumerable products of beauty and utility. Melamine is used for making melamine formaldehyde, which in turn is used in producing downstream products.

The subject goods is classified under chapter 29 of the Customs Tariff Act at subheading no. 29336100. The customs classification is however is for reference purpose only and will have no binding on the scope of the present investigation.

2. LIKE ARTICLE

The applicant has claimed that there are no known differences in subject goods produced by the petitioner and exported from subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc. The goods produced by the domestic industry are comparable to the imported goods from subject countries in terms of essential product properties. The goods offered by the domestic industry are like article to the goods imported from subject countries.

3. DOMESTIC INDUSTRY STANDING

The present petition is filed by M/s Gujarat State Fertilizers and Chemical Ltd (GSFC). The petitioner has stated that they have made imports at the time of their production disruption to facilitate requirements of its small customers, who wished the petitioner to import the material and supply the same. It has been submitted by the applicant that bill of entry for these imports for customs clearance were not filed by them. Further, the imports made by the petitioner constituted approx 11.78 % of its production, 7.44% of total imports and 4.57% of consumption in India during the POI. The Authority has examined the matter and it holds that the Petitioner is not a trader per se and is not resorting to imports in order to take advantage of dumping. The Authority is of the view that the focus of GSFC has not turned to imports and the company is not behaving like an importer trader. The focus of the company continues to be a producer and do its own production.

It is noted that the Petitioner is the sole producer of Melamine in India. The Authority after examining the information on record determines that the applicant constitutes domestic Industry within the meaning of the Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

4. COUNTRY INVOLVED

The countries involved in the present investigation are European Union, Iran, Indonesia and Japan.

5. NORMAL VALUE

The applicant has constructed the normal values of subject goods in respect of subject countries stating that they are not able to get any documentary evidence or reliable information with regard to domestic prices in the subject countries and the same is also not available in the public domain. The Authority has prima-facie considered the normal value of subject goods in subject countries on the basis of constructed cost of production including selling, general and administrative overheads and reasonable profit for subject countries.

There is sufficient prima facie evidence with regard to normal values claimed by the petitioner.

6. EXPORT PRICE

Export price of the subject goods from the subject countries has been determined by considering transaction-wise import data collected from Secondary Sources. Adjustments have been made on account of ocean freight, marine insurance, commission, and port

expenses etc. in the exporting country to arrive at ex-factory export price. There is sufficient prima facie evidence with regard to export price claimed by the petitioner.

7. DUMPING MARGIN

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

8. INJURY AND CAUSAL LINK

The applicant has furnished information on various parameters relating to material injury. Analysis of the information shows that imports from subject countries have increased in the period of investigation in absolute term as also in relation to production and consumption in India. Various economic parameters like the loss in market share, significant decline in the profitability of the domestic industry, significant deterioration in return on investment and cash profit, prima facie, indicate collectively and cumulatively that the domestic industry have suffered material injury on account of dumped imports of subject goods from subject countries.

9. INITIATION OF ANTI DUMPING INVESTIGATIONS

The Designated Authority, in view of the foregoing paragraphs, finds that sufficient prima facie evidence of dumping of the subject goods from the subject countries, injury to the domestic industry and causal link between the dumping and injury exist. The Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty which, if levied, would be adequate to remove the injury to the domestic industry.

10. PERIOD OF INVESTIGATION (POI)

The applicant had proposed April-09 to March-10 as period of investigation and provided relevant information for this period in the petition. After analyzing the data, the Authority has found it appropriate to extend the proposed period and has considered April-09 to June-10 (15 months) as period of investigation for the present investigation. The injury investigation period will however be 2006-07,2007-08, 2008-09, 2009-10 and POI.

11. SUBMISSION OF INFORMATION

The exporters in the subject country, Governments through the Embassies, the importers in India known to be concerned with this investigation and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

The Designated Authority
Directorate General of Anti Dumping & Allied Duties,
Ministry of Commerce & Industry,

Department of Commerce,
Government of India,
Room No. 243, Udyog Bhavan,
New Delhi – 110011.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation and to representative consumer organizations, who can furnish information relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

12. TIME LIMIT

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 from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately.

13. SUBMISSION OF INFORMATION

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. 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 Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

14. INSPECTION OF PUBLIC FILE

In terms of Rule 6(7), the Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

P.K Chaudhery
Designated Authority