

To be published in Part-I Section I of the Gazette of India Extraordinary

F. No. 7/25/2022 -DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
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Dated: 11th December 2023

NOTIFICATION

FINAL FINDINGS
Case No. MTR – 10/2022

Subject: Mid-term review of anti-dumping duty imposed on the imports of “Aniline” originating in or exported from China PR

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SECTION - I

Subject: Mid-term review of anti-dumping duty imposed on the imports of “Aniline” originating in or exported from China PR

F. No. 7/25/2022-DGTR: - Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred 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 thereof, as amended from time to time (hereinafter referred as the ‘AD Rules’ or the ‘Anti-dumping Rules’ or the ‘Rules’).

A. Background of the case.

2. An anti-dumping investigation (original) with respect to aniline originating in or exported from China PR, was initiated on 24th January 2020 to examine the nature and extent of dumping and its injurious effect on the domestic industry. The Designated Authority vide its Preliminary Finding vide Notification No. 6/42/2019-DGTR, dated 12th June 2021, recommended imposition of provisional anti-dumping duty, which were given effect vide Customs Notification No. 20/2020-Customs (ADD) dated 29th July 2020.
3. Subsequently, the Designated Authority vide its Final Finding No. 6/42/2019-DGTR, dated 20th January 2021 confirmed the Preliminary Finding. Pursuant to this, the Ministry of Finance vide Custom Notification No. 08/2021-Customs (ADD), dated 19th February 2021 imposed anti-dumping duty for a period of five years. The antidumping duty is leviable for a period of five years with effect from 29th July, 2020.
4. The Designated Authority (hereinafter referred to as the “Authority”) received an application on behalf of importer NOCIL Limited (hereinafter referred to as the “applicant”) requesting initiation of a mid-term review investigation of anti-dumping duty imposed on imports of aniline (hereinafter also referred to as the “subject goods” or the “product under consideration”) to examine whether there is a need for continued imposition of anti-dumping duty on the subject goods originating in or exported from China PR (hereinafter referred to as the “subject country”). The midterm review application is supported by Aarti Industries Ltd. and Kutch Chemical Industries Ltd., importers and users of the subject goods respectively.
5. The present mid-term review investigation was initiated in accordance with Section 9A of the Act, read with (1) and (1A) of Rule 23 of the Rules. The Authority is required to review, based on a duly substantiated request made by or on behalf of the interested parties, as to whether the change in circumstances warrants withdrawal or modification of the existing anti-dumping duty.

6. In view of the duly substantiated application by the importer with *prima facie* evidence and in accordance with Section 9A of the Act, read with Rule 23 of the Rules, the Authority initiated a mid-term review investigation vide Notification No. 7/25/2022-DGTR dated 12th December 2022. The scope of the review investigation was whether the injury to the domestic industry is not likely to continue or recur, if the anti-dumping duty in force is removed or varied and is therefore no longer warranted.

B. Procedure

7. The following procedure has been followed with regard to this investigation:
- a. The Authority notified the Embassy of the subject country in India about the receipt of the present mid-term review application before proceeding to initiate the investigation in accordance with Rule 5(5) of the AD Rules, 1995.
 - b. The Authority issued a public notice dated 12th December 2022 published in the Gazette of India – Extraordinary, initiating the mid-term review investigation concerning imports of the subject goods from the subject country.
 - c. The Authority sent a copy of the public notice to the Embassy of China in India, domestic industry, known producers and exporters from the subject country, known importers, importer/user associations and other interested parties, to inform them of the initiation of the subject investigation in accordance with Rule 6(2) of the Rules.
 - d. The Authority also provided a copy of the non-confidential version of the application to the domestic industry and the known producers/exporters, known importers/users and to the Embassy of the subject country in India in accordance with Rule 6(3) of the AD Rules, 1995.
 - e. The Embassy of the subject country in India was also requested to advise the exporters/producers from the subject country to submit their responses to the questionnaire within the time limit prescribed by the initiation notification.
 - f. The Authority sent questionnaires to the known producers/exporters in the subject country in accordance with Rule 6(4) of the AD Rules, 1995.
 - g. In response to the above notification, the following producer/exporter from the subject country have submitted the exporter questionnaire response:

SN	Producer/exporter
1	Connell Chemical Industry Limited Liability Company
2	Jilin City Connell Chemical Industry Product Supply and Sell Co., Ltd.
3	Kempar Energy Pte Ltd
4	Wanhua Chemical Group Co., Ltd
5.	Wanhua Chemical (Singapore) Pte. Ltd.

- h. The producers/exporters from the subject country who have not submitted the

questionnaire response or have not cooperated in the investigation have been treated as non – cooperative in the investigation.

- i. The Authority also sent questionnaires to the known importers/users of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules, 1995.
- j. In response to the above notification, the following importers, users and user associations have submitted questionnaire responses:

SN	Importer and users
1	Aarti Industries Ltd.
2	Industrial Solvents and Chemicals Pvt. Ltd.
3	Kutch Chemical Industries Ltd. (“KCIL”)
4	Dyestuffs Manufacturers’ Association of India (DMAI)
5.	NOCIL Ltd.

- k. A request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide transaction-wise details of the imports of the subject goods for the injury investigation period and the period of investigation and the post period of investigation. The same has been received by the Authority and has been considered in the present final findings.
- l. The period of investigation (POI) for the purpose of the present investigation is 1st July 2021 to 30th June 2022 and the injury period for the present investigation is 2018-19, 2019-20, April 2020 to June 2021 and the period of investigation. On the request made by the applicant and domestic industry, the Authority has additionally considered the period of 1st July 2022 to 30th June 2023 as the post period of investigation for the present determination.
- m. The Authority made available the non-confidential version of the evidence presented by various interested parties in a manner prescribed through Trade Notice No. 01/2020 dated 10th April 2020. The information/submissions provided by the interested parties on a confidential basis were examined concerning the sufficiency of such confidentiality claims. On being satisfied as to the sufficiency of the confidentiality claims filed by the interested parties, the Authority has considered such information/submissions as confidential.
- n. In accordance with Rule 6(6) of the AD Rules, 1995 the Authority provided an opportunity to the interested parties to present their views orally regarding the subject investigation through a public hearing held virtually on 16th August 2023. The interested parties who presented their views in the oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The interested parties were further directed to share the non-confidential version of the written submissions submitted by them with the other interested parties.
- o. The non-injurious price (hereinafter referred to as the ‘NIP’) has been to be determined based on the cost of production and reasonable profits of the subject

- goods in India, based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether anti-dumping duties lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- p. The information submitted by the applicant has been examined and verified to the extent deemed necessary and has been relied upon for the present final findings
 - q. The examination and verification of the information submitted by the cooperating producers/exporters from the subject country were also carried out to the extent deemed necessary and have been relied upon for the purpose of the present final findings.
 - r. The Authority has considered all the arguments raised and information provided by all the interested parties at this stage, to the extent the same is supported with evidence and considered relevant to the present investigation.
 - s. ‘***’ in this document represents information furnished by an interested party on
 - t. confidential basis and so considered by the Authority under Rules 7 of AD Rules, 1995.
 - u. The exchange rate for the POI (July 2021 – June 2022) adopted by the Authority for the subject investigation is 1 US \$= Rs. 76.13.

C. Product under consideration and like article.

8. The product under consideration (hereinafter also referred to as the “PUC”) as defined in the original investigation and initiation notification for the present investigation is as follows:

“10. The Authority has considered the PUC as under: -

The product under consideration for the purpose of present investigation is "Aniline" which is also known as "Aniline Oil". Aniline is a transparent, oily liquid and is a primary amine compound. Its colour transforms to light pale-yellow liquid when freshly distilled. Its colour darkens when exposed to light or air. Aniline is a basic organic chemical, essential for vital industries such as drugs, pharmaceuticals, dyes and dye intermediates.

The subject products are classified under Chapter Heading 29 under the code 29214 1 10. The customs classification is indicative only and in no way, binding upon the product scope.

D.1. Submissions made by the applicant and other interested parties.

9. No submission has been made by the applicant or other interested parties regarding the scope of the product under consideration.

D.2. Submissions made on behalf of the domestic industry.

10. No submission has been made by the domestic industry regarding the scope of the product under consideration.

D.3. Examination by the Authority.

11. None of the interested parties have made any submission with regards to the product under consideration and the like article. The Authority noted that the scope of the product under consideration and like article in the present review investigation remains the same as that in the original investigation and initiation notification. Accordingly, the product under consideration for the purpose of present investigation is "aniline" which is also known as "aniline oil".

D. Scope of the domestic industry and standing.

E.1. Submissions made by the applicant and other interested parties.

12. No submission has been made by the applicant or other interested parties regarding the scope of the domestic industry and standing.

E.2. Submissions made on behalf of the domestic industry.

13. Following submission have been made by the domestic industry:
- a. The domestic industry is the sole producer of the like article in India.
 - b. The product produced by the domestic industry is commercially and technically substitutable to the product under consideration imported from the subject country.
 - c. The domestic industry has neither imported the product under consideration nor is it related to the any producer/ exporter of the product under consideration in China PR or any importer of the subject goods in India.

E.3. Examination by the Authority.

14. Rule 2(b) of the Anti-Dumping Rules defines domestic industry as under:

“(b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term ‘domestic industry’ may be construed as referring to the rest of the producers”.

15. Another company R.K. Synthetic Ltd. filed a letter and claimed that it has recently commenced production of the PUC in India. The company requested for continuation and enhancement of the measures. However, the request of the company to register as an interested party was received at a very belated stage. As per Para 3(i) of the Trade Notice 11/2018 dated 10 September 2018, where a party is interested in participating in an investigation, shall, in writing, request the Authority to include it as an interested party within 40 days of initiation of an investigation or such extended period as may be allowed by the Authority. Any request at a later stage for registration as an interested party shall not be entertained. Since the request was not received in time, it has not been considered for the present investigation. Accordingly, its production or sales have also not been considered.
16. The Authority notes that Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC) accounts for major proportion in the total domestic production in India. GNFC is neither related to the producers of the subject country nor importer of the subject goods in India. Therefore, the Authority holds that Gujarat Narmada Valley Fertilizers & Chemicals Limited constitutes the domestic industry within the meaning of rule 2(b) read with rule 5(3) of the Anti-Dumping Rules.

E. Confidentiality.

F.1. Submissions made by the other interested party.

17. No submission has been made by the other interested parties regarding confidentiality.

F.2. Submissions made on behalf of the domestic industry.

18. The domestic industry submitted that the exporters have not provided a complete list of adjustments made to the export price.

F.3. Examination by the Authority.

19. With regard to the confidentiality of the information/data submitted by the interested parties, Rule 7 of the AD Rules provides as follows:

Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule (2) of rule 12, sub-rule (4) of rule 15 and subrule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such

information.

(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the designated 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 authorise its sure in a generalized or summary form, it may disregard such information.”

20. The information and data submitted by the interested parties and the domestic industry on a confidential basis was examined with regard to the sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted, and such information has been considered confidential and not disclosed to the other interested party. Wherever required, parties providing information on a confidential basis were directed to provide a sufficient non-confidential version of the information filed by them on a confidential basis. Parties were directed to share the non-confidential version of their submissions through e-mail.

F. Scope of the present mid-term review.

G.1 Submissions of the applicant and other interested parties.

21. The following submissions have been made by the applicant and the other interested parties on the scope of the mid-term review:
- a. The present mid-term review is a comprehensive review. As per the guidelines present within the questionnaire format for midterm review prescribed by the Authority, change in one or more than one of the parameters like normal value, export price, landed value, non-injurious price, domestic production patterns, change in legal status of the domestic producer(s) or exporter(s), change in the condition of the domestic industry/producers or any other relevant circumstances that may have bearing on the dumping, injury or causal link parameters can be the basis for the mid-term review application.
 - b. Decision of the Hon'ble Supreme Court in *Rishiroop Polymers Pvt. Ltd. v. Designated Authority*, 2006 (196) ELT 385 (SC) also supports mid-term review when there is a change in various parameters like the normal value, export price, dumping margin, non-injury price and injury to the domestic industry.
 - c. Circumstances have changed since the imposition of duty and such changes are of a lasting nature. These changes are: (a) increase in import price of the subject goods

- (b) increase in spread of basic raw material that is benzene and the subject goods
- (c) absence of injury to the domestic industry.
- d. The Authority is requested to verify whether the prices of concentrated nitric acid and natural gas, in addition to benzene have impacted the cost of production of aniline to such a degree that it is driving the prices of aniline in India.
- e. The Authority is requested to examine whether the change in prices of concentrated nitric acid and natural gas also constitutes a change in circumstances of a lasting nature.
- f. The estimated injury margin is negative. The price of the domestic industry is higher than the non-injurious price.
- g. There is an improvement in the performance of the domestic industry which warrants the removal of duty.
- h. There is a demand-supply gap for the subject goods. The user industry is constrained to import at high prices.
- i. The spread has increased significantly in the post period of investigation to USD 586 per MT in July 2022 – December 2022 and USD 619 per MT in January 2023 to June 2023.
- j. Benzene is the highest contributor of cost in the making of the product under consideration and it is absolutely fair to compare the price movements with benzene price.

G.2 Submissions of the domestic industry.

22. The following submissions have been made by the domestic industry on the scope of the mid-term review: -
- a. A lasting nature of change in circumstances needs to be established for premature withdrawal of duty.
 - b. None of the grounds claimed by the applicant are sufficient to revoke duty in a mid-term review. It does not establish that the circumstances based on which the duty was imposed have changed so materially and that such change is of a lasting nature and that the duty is required to be withdrawn at a premature stage.
 - c. An increase in import price does not mean absence of dumping. Dumping has not only continued but has also intensified. Imports continue to enter the Indian market below the selling price and the cost of sales of the domestic industry.
 - d. The spread between the cost of benzene and aniline is not an indicator of dumping or injury. The spread between aniline and benzene keeps fluctuating heavily. In October 2021, the spread was even negative. This shows that prices of aniline are not driven by prices of benzene.
 - e. Benzene is not the sole factor impacting the prices of aniline. Benzene's share of the cost of aniline is less than 50%. Other raw materials such as CNA, natural gas, hydrogen too form a major component in the cost of production of aniline.

- f. Prices of all raw materials have increased considerably over the injury period. In fact, the price increase of benzene is much lower than price increase of other raw materials. Therefore, any conclusion based on the prices of benzene is erroneous.
- g. Mere improvement in some economic parameters because of imposition of duty does not mean that the duty should be withdrawn at a premature stage, especially when dumping has intensified. Reliance is placed on the decision of the Hon'ble CESTAT in the case of *Kalyani Steel Limited v. Designated Authority* dated 02.08.2006.
- h. Continuation of anti-dumping duty in a mid-term review is permitted not only in cases of continuation of dumping and injury, but it is also permitted in cases of recurrence of dumping and injury. Reliance is placed on the *WTO Panel Report in the case of US Dynamic Random Access Memory Semiconductors (DRAMs)* (1999).
- i. Supreme Court in *Rishiroop Polymers Pvt. Ltd. v. Designated Authority*, 2006 (196) ELT 385 (SC) held that for revocation of anti-dumping duty in a midterm review, it is essential that there is no dumping & injury and no likelihood thereof. The applicant has failed to adduce any material or evidence to show absence of likelihood.
- j. Demand supply gap existed at the time of imposition of duties. It is not new circumstance which has prevailed post the imposition of duties. The contention cannot be a ground for withdrawal of duty. In fact, this ground is insufficient to even not impose anti-dumping duty in original investigations.
- k. Spread between aniline and benzene was 316 USD/MT in the period of investigation of the original investigation when the Authority found these prices to be dumped. That delta resulted in injury margin of 121 US\$ and the current delta is higher by US\$ 131. The spread is now only equivalent to the anti-dumping duty in force.

G.3 Examination of the Authority

- 23. The Authority notes that the scope of the mid-term review is different from original investigations and sunset reviews. In a midterm review, the Authority is required to investigate and determine the need for the continued imposition of an anti-dumping duty in force, where warranted, on its own initiative or upon request by any interested party who submits positive information substantiating the need for such a review, after elapse of reasonable period of time since the imposition of the definitive anti-dumping duty. Further, the Designated Authority is required to determine whether injury to the domestic industry is not likely to continue or recur, if the anti-dumping duty in force is removed or varied. If the Authority comes to a conclusion that the anti-dumping in force is no longer warranted, the Authority shall recommend to the Central Government for its withdrawal. The question is whether duty should be revoked earlier than the period of five years of its normal duration.
- 24. The Authority has previously noted as follows with regard to the scope of a midterm

review in 4,4 Diamino Stilbene2, 2 Disulphonic Acid” (DASDA), originating in or exported from China PR, dated 26th September 2016:

“The language of the rules concerning sunset review and midterm review has been deliberately kept different so as to emphasize more on the cautiousness of establishing the need for withdrawal. The emphasis on word “not” likely in Rule 23 (1A) of AD Rules, signifies a higher and stringent obligation while examining premature withdrawal of antidumping duty.”

25. The applicant is required to establish change in circumstances to such an extent that the basis on which the duty was imposed have altered so materially that the injury to the domestic industry is not likely to continue or recur, if the anti-dumping duty in force is removed or varied. In light of submissions made by the applicant and the interested parties, the Authority has examined all parameters including dumping, injury, dumping margin, injury margin and likelihood of continuation or recurrence injury in case the duty in force is withdrawn at this stage and before its normal duration of five years.
26. None of the parties have disputed that change in circumstances must be of lasting nature to warrant revocation of duty in a mid-term review. The Authority has considered data for change in circumstances over the injury period, including all the parameters in the period of investigation and the post period of investigation period. The performance of the domestic industry during the period of investigation alone is insufficient to conclude whether the anti-dumping duty can be withdrawn.
27. It has been contended by other interested parties that the spread between benzene and the product under consideration has increased and the domestic industry and the exporters are charging high prices. The domestic industry has contended that benzene alone is not the major input for the product under consideration. The domestic industry has submitted relevant information that shows a number of inputs involved in the production of aniline. Table below summarizes the same:

SN	Particulars	UOM	Price	Norms	Cost of production breakup for POI	Share in cost of production
Nitrobenzene						
1	Benzene	Rs/MT	***	***	***	55-65%
2	CNA	Rs/MT	***	***	***	30-40%
3	Natural Gas	Rs/MT	***	***	***	0-10%
4	Other conversion cost	Rs/MT			***	0-10%
5	Total cost of production	Rs/MT			***	100%

Aniline						
1	Nitrobenzene	Rs/MT		***	***	75-85%
2	Hydrogen	Rs/MT		***	***	20-30%
3	Other conversion cost	Rs/MT			***	5-15%
4	Total cost of production	Rs/MT			***	100%

28. It is seen that benzene costs only *** % of the cost of production of aniline. Other raw materials required for production of aniline are nitric acid, natural gas, hydrogen, etc. It is seen from the information filed by the domestic industry that the prices of these other raw materials have also increased as compared to the previous investigation. The table below shows the prices of these other raw materials required for producing the subject goods.

SN	Particulars	POI of last investigation	2018-19	2019-20	Apr'20-Jun'21	POI	POST POI
1	Benzene	***	***	***	***	***	***
	Increase		100	90	82	140	141
2	Nitric acid	***	***	***	***	***	***
	Increase		100	79	89	184	195
3	Natural Gas	***	***	***	***	***	***
	Increase		100	75	68	261	249
4	Hydrogen	***	***	***	***	***	***
	Increase		100	73	65	262	275
5	Aniline import price	***	***	***	***	***	***
	Increase		100	76	94	158	149

Uom – Rs/MT

29. It is thus noted that prices of a number of inputs required for production of the aniline increased significantly over the injury period and more sharply in the period of investigation and thereafter post period of investigation. The Authority notes that the applicant incorrectly identified benzene as the only raw material and sought the present review. The Authority found, after initiation and on receipt of response from the domestic industry, that there are other raw materials also and these constitute a significant proportion in the total cost of production of aniline. Further, and more importantly, the price of not only benzene, but also other inputs involved in production of aniline increased significantly in the present POI as compared to the period of investigation of the original investigation. It is further seen that whereas the import prices of aniline increased in the POI, the same declined in post POI.
30. It is noted that there was increase in the prices of aniline. Further, even though benzene

does not constitute the only raw material, and there are other raw materials as well whose prices have increased, it is nevertheless seen that the difference between benzene and aniline prices increased during the POI. It was thus appropriate to undertake the present investigation. The Authority considers that a mere comparison between the price of aniline and the price of benzene is not sufficient to conclude whether the change in circumstances identified by the applicant were of lasting nature to justify withdrawal of anti-dumping duty. However, this was considered to be sufficient ground to initiate a mid-term review investigation to ascertain whether the injury to the domestic industry is not likely to continue or recur, if the present anti-dumping duty is removed or varied and whether anti-dumping duty is no longer warranted.

31. The Authority has examined the degree of dumping in the present period, performance of the domestic industry and the likelihood of injury to the domestic industry and ascertain whether the changed circumstances were of lasting nature to justify removal of anti-dumping duties. The Authority has examined whether the injury to the domestic industry is not likely to continue or recur, if the present anti-dumping duty is removed or varied.
32. It has been submitted by the domestic industry that the present period of investigation July 2021 to June 2022 is not appropriate to determine whether there are changed circumstances justifying removal of anti-dumping duties. The domestic industry has submitted that the period of investigation alleged by the applicant was impacted by the high freight cost and therefore, the prices of Aniline and the raw materials were impacted. The domestic industry has therefore, requested for examination of post period of investigation. The applicant has also submitted that the delta between the price of aniline and the price of benzene has remained high even in the post period of investigation. It was also submitted by the applicant that during the post period of investigation, the landed value of the subject goods from China PR was high and the domestic industry was charging exorbitant prices for the subject goods. The Authority has therefore decided to examine the various parameters in the context of the post period of investigation as well.

G. Miscellaneous issues and submissions.

H.1 Submissions of the applicant and other interested parties.

33. The following submissions have been made by the applicant and other interested parties:
 - a. Chinese manufacturers and the domestic industry are in consort and organizing the market to suit their interests. This is happening at the back of the prevailing anti-dumping duty.
 - b. Despite exorbitant profits, the domestic industry has not implemented any plan regarding expansion of capacity to produce aniline.
 - c. The domestic industry is more interested in selling CNA and nitrobenzene in the

- post period of investigation than converting them to aniline.
- d. The domestic industry is a manufacturer of CNA which is used in the production of nitrobenzene. The international prices of nitrobenzene do not impact the operations of the domestic industry and therefore, the performance of the domestic industry should be considered based on its own cost.
 - e. The claims in the application are based on DGCI&S data, audited financial statements, and the sales invoices raised by GNFC.
 - f. As per the WTO Anti-dumping Agreement, the duty can only remain in force to the extent of injury being suffered by the domestic industry. If the injury to the domestic industry has ceased to exist, the duty should be discontinued immediately.
 - g. As per WTO Panel report in case of United States – Anti Dumping Duty (DRAMS) from Korea, there is no obligation on the applicant to prove that injury is “not likely” in case the duty is revoked.
 - h. There is no such onus on the applicant to show that withdrawal of duty is warranted. The applicant must establish that circumstances have changed since the original investigation, which the applicant in the present MTR has duly done.

H.2 Submissions of the domestic industry

34. The following submissions have been made by the domestic industry:
 - a. There is no reason why the domestic industry would act in concert with exporters who indulge in unfair trade practices to erode the market share of the domestic industry.
 - b. The domestic industry has not earned exorbitant profits. Adverse price effects of subject imports have rendered this industry unprofitable for new investments.
 - c. No domestic producers would keep part production facilities idle and sell the products at intermediate levels. While each product is a standalone product and the domestic industry has option to either produce aniline or sell CNA or nitrobenzene, the relevant factor is why the domestic industry did not produce aniline and allowed those facilities to be idle. It is only because the production of aniline from CNA and nitrobenzene is not viable as compared to selling these in the market.
 - d. The applicant has not brought forward enough evidence to substantiate the claims of changed circumstances.

H.3 Examination by the Authority.

35. The Authority has noted the submissions made by the interested parties, and the same have been adequately considered in the present determination. Further, the Authority holds as follows with regard to various contentions raised by the interested parties.
36. The Authority notes that there is no evidence of foreign producers and domestic industry having acted in concert. The export price of the foreign producers from the subject

country increased in the POI but has declined in the post POI period.

37. As regards the methodology adopted by the domestic industry on raw material valuation, it is clarified that the Authority considers prices of captive raw material as per the books and records maintained by the domestic industry.
38. As regards the fact that there is no capacity addition in India, despite significant demand-supply gap, the Authority notes that the issue of demand and supply gap existed at the time of imposition of measures as well. Therefore, mere existence of demand and supply gap does not justify withdrawal of duties. Any entity in India is free to set up capacity for production of any product. It is the relative viability of different products which, however, is relevant for investment decisions of the business enterprises. If no investment has been made in the product in the country for the last several years, the same may be an indicator of absence of viability of fresh investment in the country and justifies providing level playing field to the business enterprises.
39. The Authority also notes that in a situation where a business enterprise has an option to sell a product in the market or captively consumes the same, and the business enterprise decides to sell the input in the market, rather than captively consuming it shows relative viability of the decision. This at least shows that the production and sale of such input in the market was more profitable than consumption in downstream product.
40. It is clarified that the performance of the domestic industry has been examined by considering nitrobenzene at its costs.

H. Normal value and export price determination.

I.1 Submissions of the applicant and other interested parties.

41. The following submissions have been made by the other interested parties on the determination of normal value and export price:
 - a. Connell Chemical Industry Limited Liability Company should be granted an individual rate of duty.
 - b. Wanhua Chemical Group Co., Ltd. has reported all sales channel concerning exports of the product under consideration to India.
 - c. Wanhua International (India) Private Limited. is not engaged in the import of subject goods and therefore, response has not been filed.
 - d. As regards the contention of adjustment of pipelines expenses, the adjustment was not made in the original investigation as well. Therefore, there is no need for such an adjustment.
 - e. Normal value is required to be determined in accordance with Annexure 1 with

Rule 7 of the Rules and having regard to various sequential alternatives.

I.2 Submissions of the domestic industry.

42. The following submissions have been made by the domestic industry on the determination of normal value and export price:
- a. Wanhua Group has stated that it does not incur inland freight as the product is directly transited to the ship by pipeline at the dock owned by Wanhua Chemical Group. Charges incurred for setting up, running, maintaining and profits should be adjusted from the export price as they are directly related to exports.
 - b. Connell Chemical Industry Limited Liability Company and its related exporters did not participate in the original investigation.
 - c. Jilin City was required to provide details regarding its sales to Kempar but it has failed to provide any response to Appendix-3B. No information has been provided by Jilin City regarding its sales to Kempar.
 - d. Jilin City has directly exported to India but did not provide any documentation for its direct exports to India. The producer has simply responded that “*this question is not applicable*”, without providing any explanation.
 - e. Connell Chemical has failed to establish complete export chain for a significant share of the exports made to India. The producer has filed a grossly deficient response and therefore should be rejected.
 - f. In the original investigation, Wanhua Chemical (Hong Kong) Co., Ltd. participated as an exporter/trader, but it has not filed any response in the present investigation. The Authority is requested to verify whether any direct or indirect exports are made by Wanhua Chemical (Hong Kong) Co., Ltd.

I.3 Examination by the Authority

Normal value

43. Under section 9A(1)(c), the normal value in relation to an article means:

- i) The comparable price, in the ordinary course of trade, for the like article, when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6), or*
- ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:*
 - (a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under subsection (6); or the cost of production of the said article in the country of origin along with reasonable addition for administrative,*

selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);

(b) Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

44. The Authority notes that the following exporters of the subject goods have filed exporter's questionnaire responses: -
- a. Connell Chemical Industry Limited Liability Company
 - b. Jilin City Connell Chemical Industry Product Supply and Sell Co., Ltd.
 - c. Kempar Energy Pte Ltd
 - d. Wanhua Chemical Group Co., Ltd.
 - e. Wanhua Chemical (Singapore) Pte. Ltd.

Market Economy Status for Chinese Producers

45. Article 15 of China's Accession Protocol in WTO provides as follows: "Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti- Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

(ii) The importing WO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.

(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant

provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.

(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.

(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provision of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector."

It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since the responding producers/exporters from China PR have not submitted response to questionnaire in the form and manner prescribed, the normal value computation is required to be done as per the provisions of Para 7 of Annexure I of the Rules.

46. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of the WTO Agreement on Anti-dumping read with the obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I to the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire upon claiming the market economy status.
47. As none of the producers from China PR have claimed determination of normal value on the basis of their own data/ information, the normal value has been to be determined in accordance with para 7 of Annexure I to the Rules which read as under:

"7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner keeping in view the level of development of the country concerned and the product in question and due account shall be taken of any reliable information made available at the time of the selection. Account shall also be taken within time limits; where appropriate, of the investigation if any made in similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

8. (1) The term "non-market economy country" means any country which the designated authority determines ds not operating on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).

(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated authority or by the competent authority of any WO member country during the three year period preceding the investigation is a non-market economy country. Provided, however, that the non-market economy country or the concerned firms from such country may rebut such d presumption by providing information and evidence to the designated authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3).

(3) The designated authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment vid compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such

firms subject to anti-dumping investigations, the designated authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.

(4) Notwithstanding, anything contained in sub-paragraph (2), the designated authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in sub paragraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of antidumping investigations, by a country which is a Member of the World Trade Organization."

48. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of price or constructed value in a market economy third country, or the price from such a third country to any other country, including India, or where it is not possible, on any reasonable basis, including the price actually paid or payable in India for the like article, duly adjusted, if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure-I.
49. The Authority notes that neither the applicant nor the other interested parties have provided any information and evidence to enable the determination of the normal value on the basis of prices, exports or constructed value in the market economy third country. In the original investigation, normal value was determined based on price paid or payable in India, duly adjusted to include a reasonable profit margin. Therefore, in the present investigation, the Authority has considered the normal value based on price paid or payable in India.

Export Price

Wanhua Chemical Group Co., Limited

50. It is noted that M/s Wanhua Chemical Group Co., Ltd., (producer/exporter) is a producer of the subject goods in China PR and has exported the subject goods through related and unrelated traders to customers in India during the period of investigation.
51. M/s Wanhua Chemical Group Co., Ltd., has supplied *** MT to its related entity Wanhua Chemical (Singapore) Pte. Ltd who in turn exported the entire quantity to India through Kempar Energy Pte Ltd. After allowing the adjustment on account of port and other related expenses, bank charges and credit expenses, the weighted average Ex-factory export price and weighted average landed value during POI have been calculated as *** US\$/MT and *** US\$/MT respectively.

Connell Chemical Industry Limited Liability Company

52. It is noted that Connell Chemical Industry Limited Liability Company is a producer of the subject goods in China PR and has exported the subject goods through related and unrelated traders to customers in India during the period of investigation.
53. Connell Chemical Industry Limited Liability Company, has supplied *** MT subject goods to India through Kempar Energy Pte Ltd and *** MT of subject goods through M/s Jilin City Connell Chemical Industry Product Supply and Sell Co., Ltd. After allowing the adjustment on account of port and other related expenses, bank charges and credit expenses, the weighted average Ex-factory export price and weighted average landed value during POI have been calculated as *** US\$/MT and *** US\$/MT respectively.

Non-responding producers

54. The net export price for non-cooperative producers/ exporters from China PR has been calculated based on facts available in terms of Rule 6(8) of the Rules. The net export price so considered is mentioned in the dumping margin table below.

Dumping margin

55. Considering the normal value and export price, the dumping margin has been calculated as below –

SN	Producer	Normal Value (\$/MT)	Net Export Price (\$/MT)	Dumping Margin (\$/MT)	Dumping Margin (%)	Dumping Margin (Range)
1.	Wanhua Chemical Group Co., Limited	***	***	***	***	10-20
2.	Connell Chemical Industry Limited Liability Company	***	***	***	***	30-40
3	Residual	***	***	***	***	50-60

56. The dumping margin calculated in the present investigation is not only above *de minimus* but also significant. It is seen that the dumping of the product under consideration from the subject country has continued.

I. Injury to the domestic industry

J.1 Submissions of the applicant and other interested parties.

57. The following submissions have been made by the applicant and other interested parties:

- a. There is a huge demand and supply gap, and the users are forced to import.
- b. Import volumes have increased on account of demand supply gap. Users are constrained to import.
- c. As per data on monthly ex-works price of the domestic industry from April 2019 to June 2022, it has been charging exorbitant prices for the subject goods.
- d. As per the annual report of the domestic industry, production has increased from 26,886 MT in 2019-20 FY to 34,000 in 2020-21 FY to 39,662 in 2021-22 FY.
- e. The capacity utilization of the domestic industry has increased from 76% in 2019-20 FY to 97% in 2020-21 FY to 113% in 2021-22 FY (over 100%).
- f. The aggregate sales of the domestic industry's industrial products in FY 2021-22 is 83% higher compared to that in FY 2020-21.
- g. It is a conscious decision of the domestic industry to not produce the product under consideration. The domestic industry has preferred to sell its captive product in the domestic market rather than consuming it for production of the product under consideration.
- h. The market share of the subject country is high due to demand supply gap.
- i. The domestic industry cannot cater to the demand in the country and therefore, its market share is lower.
- j. The domestic industry has been earning very high profits in the last two years.
- k. The delta between the raw material, benzene, and the prices of aniline have increased drastically.
- l. The Authority is requested to verify if prices of CNA and natural gas have impacted the cost of production of aniline to such a degree that it is driving the prices of aniline in India.
- m. Significant improvement is reported in the annual reports of the domestic industry for major growth parameters including production, capacity utilization and sales volume.
- n. The present investigation is a review investigation, and the Authority did not undertake a monthly evaluation in the original investigation despite price fluctuations. Therefore, there is no need for monthly evaluation of price undercutting.
- o. Improvement in the performance of the domestic industry is cornerstone of analysing whether continuation of duty is warranted. Significant improvement is an indicator showing that duty has served its purpose and continuation is no longer warranted. In the present review, the domestic industry has been in significant profits for the past 2 years.
- p. Reliance on US DRAMS is misplaced and misleading as the issue in US DRAMS was never with respect to changed circumstances reviews or MTRs, but administrative reviews conducted by USDOC.
- q. Net sales realization of the domestic industry has been higher than estimated non-

injurious price which alone rules out any injury and likely injury.

J.2 Submissions of the domestic industry.

58. The following submissions have been made by the domestic industry:

- a. The demand for the product under consideration has increased over the injury period.
- b. In spite of the imposition of anti-dumping duty, imports have increased considerably during the period of investigation and the post period of investigation.
- c. The increase in the imports is over and above the demand supply gap in the country.
- d. Imports have a significant undercutting effect. The landed price of imports is below the cost of the domestic industry and the selling price of the domestic industry.
- e. The imports are below the cost of sales of the domestic industry as well. However, the anti-dumping duties have ensured that they do not impact on the prices in the period of investigation.
- f. In the post period of investigation, while the cost and the landed price increased, the increase in the landed price was not in line with the increase in the cost. Therefore, the applicant could not increase its prices proportionately.
- g. Imports have already suppressed the prices of the domestic industry in the post period of investigation. If the duty is allowed to expire, suppressing/depressing impact on the domestic industry would increase further.
- h. The domestic industry is constrained to increase its selling price as the cost of production has increased considerably and the applicant's contention regarding exorbitant prices charged by the applicant is baseless.
- i. The domestic industry's production, sales and capacity utilization improved as compared to 2019-20 as an effect of imposition of anti-dumping duty.
- j. Improvements in these parameters were not of a lasting nature as the dumping from the subject country has intensified and the subject imports have also increased in absolute terms in the post period of investigation period.
- k. The domestic industry is operating with idle capacities.
- l. The production of the domestic industry has declined significantly in the post period of investigation.
- m. The contention that the domestic industry is more interested in selling CNA, this itself establishes injury being suffered. While each product is a standalone product, and the domestic industry has the option to either produce aniline or sell these products the relevant factor is why the domestic industry did not produce aniline and allowed those facilities idle. Production of aniline from CNA and nitrobenzene is not viable as compared to selling these in the market.
- n. The market share of the dumped imports has increased.
- o. Dumped imports have eroded the domestic industry's market share. The domestic industry does not have market share even to the extent of its capacity as a result of dumping.
- p. High profitability of the domestic industry is not of lasting nature. The profitability

declined sharply by around 250% in the post period of investigation in comparison to the period of investigation.

- q. As regards the contention of the domestic industry earning huge profits, the applicant has relied on the performance as per the annual report to make these statements. The domestic industry is a multi-product company and performance as per annual report is not the relevant parameter.
- r. Adverse impact of dumped goods has undermined long-term profitability of the industry.
- s. The improvement in performance is attributed to the anti-dumping duty and is not a factor relevant for removal of measures.
- t. Improvement in growth parameters up to the period of investigation can be attributed to imposition of duty. However, such improvement is not of a lasting nature as steep decline in growth parameters is observed in the post period of investigation period.
- u. Capital investments cannot be made based on short term profitability, particularly when medium to long term profitability has been so adverse.
- v. The current returns earned by the domestic industry do not justify any fresh investment.
- w. The prices of the raw materials and the product under consideration have fluctuated significantly over the period of investigation. Therefore, there is a need for determination of monthly price undercutting, injury margin and dumping margin.
- x. Even within a month, the prices of the product under consideration have varied so significantly. Considering the above difference in the prices, the Authority is requested to kindly examine transaction wise price undercutting.

J.3 Examination by the Authority.

- 59. Rule 11 of Antidumping Rules read with Annexure–II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “.... *taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles....*” In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.
- 60. As regards the impact of dumped imports on the domestic industry, Para (iv) of Annexure-II of Anti-dumping Rules states as follows: “*The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude*

of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”

61. In addition to the performance in the present period of investigation, the Authority has also examined the performance of the domestic industry for post period of investigation period to examine if the changed circumstances are of lasting nature. Therefore, the Authority has considered the injury parameters in the post period of investigation as well.

J.1 Assessment of demand.

62. The information regarding demand of the subject goods is as follows:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Domestic industry sale	MT	***	***	***	***	***
Trend	Indexed	100	80	89	112	56
Subject country imports	MT	65,601	83,401	56,002	63,867	74,708
Trend	Indexed	100	127	85	97	114
Other countries imports	MT	17,187	6,025	12,820	20,488	27,868
Trend	Indexed	100	35	75	119	162
Total demand	MT	***	***	***	***	***
Trend	Indexed	100	100	85	105	104

63. It is noted that the demand for the subject goods declined till June 2021 but increased in the period of investigation and subsequently declined marginally in the post period of investigation.

J.2 Import volumes.

64. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. The import volumes of the subject goods and their share during the injury investigation period are as follows:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Import from China	MT	65,601	83,401	56,002	63,867	74,708
Subject imports in relation to						
Total imports	%	79%	93%	81%	76%	73%
Indian production	%	***	***	***	***	***
Trend	Indexed	100	179	100	100	220
Indian demand	%	***	***	***	***	***
Trend	Indexed	100	127	100	93	110

65. It is seen that the imports increased in 2019-20. From April 20 to June 21, there was a decline in demand, the imports from the subject country declined after imposition of the anti-dumping duty. However, as the demand increased in the period of investigation, imports from China and other sources and domestic sales of the domestic industry increased. In the post period of investigation, whereas Chinese imports increased significantly, other countries import also increased (though less than China), sales of the domestic industry declined significantly.
66. The Chinese imports in relation to production and consumption also declined post imposition of anti-dumping duties in the period April 20 to June 21. However, as the imports increased in the period of investigation and the post period of investigation, the imports in relation to production and consumption have also drastically increased. The applicant has contended that imports are necessary due to demand and supply gap. It is however seen that the increase in imports is more than the demand and supply gap in the country. It is also seen that sales volumes of the domestic industry have declined significantly.

J.3 Price Effect

67. The impact on the prices of the domestic industry on account of the dumped imports from the subject country have been examined with reference to the price undercutting, price suppression and price depression, if any. For the purpose of this analysis, cost of production and net sales realization (NSR) of the domestic industry have been compared with the landed price of imports of the subject goods from the subject country.

J.3.1 Price undercutting effect.

68. With regard to the effect of the dumped imports on prices, it is required to be analysed whether there has been a significant price undercutting by the dumped imports as compared to the price of the like products in India.

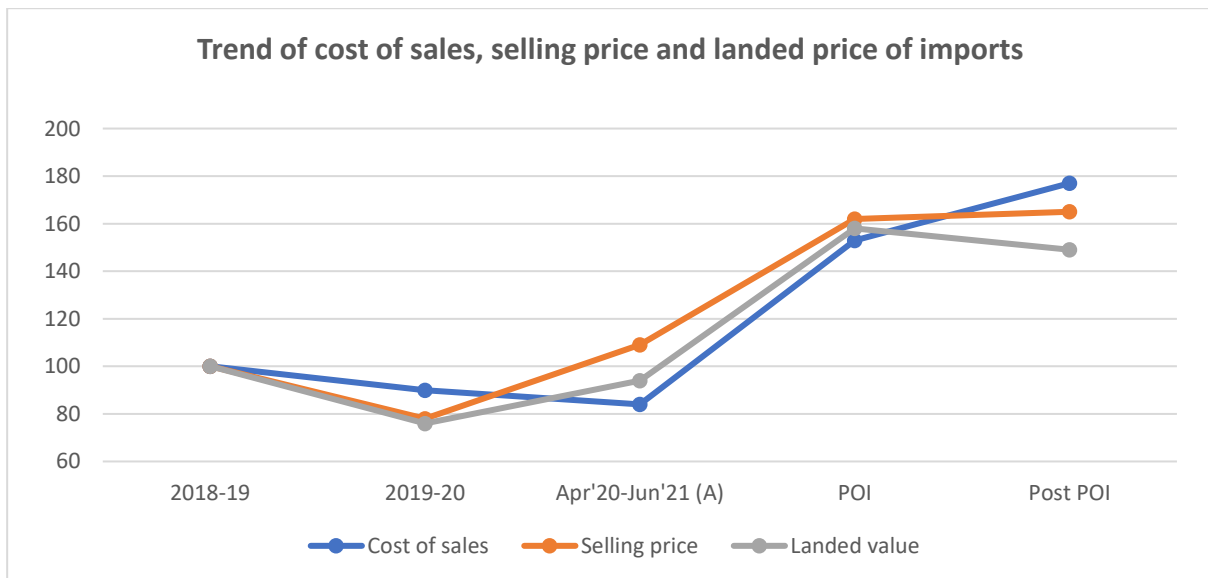
Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Net sales realization	₹/MT	***	***	***	***	***
Trend	Indexed	100	78	109	162	165
Landed price	₹/MT	94,431	71,542	89,183	1,48,776	1,40,840
Trend	Indexed	100	76	94	158	149
Price undercutting	₹/MT	***	***	***	***	***
Price undercutting	%	***	***	***	***	***
Price Undercutting	Range	0-10%	0-10%	10-20%	0-10%	10-20%

69. It is noted that price undercutting is positive.

J.3.2 Price suppression and depression.

70. In order to assess whether subject imports were depressing the prices of the domestic industry or whether the effect of such imports was suppressing prices to a significant degree or preventing price increases which otherwise would have occurred to a significant degree, the Authority has compared the cost of production and the net selling price of the domestic industry over the injury period and post-period of investigation period along with the landed price of imports as shown in the table below:

Particulars	Unit	2018-19	2019-20	Apr'20-Jun'21 (A)	POI	Post POI
Cost of sales	₹/MT	***	***	***	***	***
Trend	Indexed	100	90	84	153	177
Selling price	₹/MT	***	***	***	***	***
Trend	Indexed	100	78	109	162	165
Landed price	₹/MT	94,431	71,542	89,183	1,48,776	1,40,840
Trend	Indexed	100	76	94	158	149
Landed price (Including ADD)	₹/MT	97,044	74,186	91,955	1,51,585	1,43,650
Trend	Indexed	100	76	95	156	148



71. It is noted that that in 2019-20, the landed price of imports was below the cost of sales and selling price of the domestic industry. The domestic industry suffered losses in this period and the Authority had recommended anti-dumping duties. The cost of sales declined in April 20 to June 21, but landed price of imports and selling price of the domestic industry increased. In the period of investigation, cost of sales, and selling price of the domestic industry and the import price increased. The post period of investigation has, however, seen an increase in the cost of sales. However, the landed price of imports

did not increase by the same quantum as the increase in cost of sales.

72. The Authority had asked the participating producers from China PR to give information with regard to their exports to India in the post period of investigation. The Authority notes that Connell Chemical Industry Limited Liability Company has not exported to India in the post period of investigation. From the information provided by Wanhua Chemical, it is seen that the import price of Wanhua Chemical has declined in the post period of investigation. The landed price has declined from around ***\$ per MT to ***\$ per MT.

Economic parameters pertaining to the domestic industry

J.4 Capacity, production, capacity utilization and sales

73. The following table shows the performance of the domestic industry with regard to capacity, production and sales parameters:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Capacity	MT	***	***	***	***	***
Trend	Indexed	100	100	100	100	100
Production	MT	***	***	***	***	***
Trend	Indexed	100	71	86	98	52
Capacity utilization	%	***	***	***	***	***
Trend	Indexed	100	71	86	98	52
Domestic sales	MT	***	***	***	***	***
Trend	Indexed	100	80	89	112	56

74. It is noted that:

- The installed capacity of the domestic industry has remained stable throughout the injury period and the post-period of investigation.
- Production, domestic sales and capacity utilization show the same trends. Production and capacity utilization declined in 2019-20 when the domestic industry suffered material injury.
- With the imposition of duty, production, domestic sales and capacity utilization increased up to period of investigation. In the post period of investigation, production has declined sharply.

75. It has been contended that the domestic industry was inclined in selling nitric acid rather than using it in the production of aniline. The Authority is cognizant of the submission of the domestic industry that production of aniline was less viable as compared to selling nitric acid in the market. The import price in the post period of investigation was below the cost of production of the domestic industry, and the domestic industry's profitability

steeply declined.

J.5 Market share

76. The market shares of imports as well as the domestic industry are shown in the table below:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Domestic industry	%	***	***	***	***	***
Trend	Indexed	100	80	105	107	54
China PR	%	***	***	***	***	***
Trend	Indexed	100	127	100	93	110
Other countries	%	***	***	***	***	***
Trend	Indexed	100	35	88	114	156

77. It is noted that market share of China had increased in 2019-20, leading to imposition of anti-dumping duty. Thereafter, it declined with the imposition of anti-dumping duty till the period of investigation. In the post-period of investigation, market share of the subject imports has increased again considerably. Chinese imports have however commanded a majority share in the Indian market.

78. The Authority notes that the domestic industry has the capacity to cater to at least one-third of the Indian demand. The domestic industry contends that dumping by Chinese producers had adversely impacted its market share. Imposition of anti-dumping duty led to increase in market share of the domestic industry and decline in the market share of China.

J.6 Profitability, return on capital employed and cash profits.

79. The table shows the financial parameters of the domestic industry:

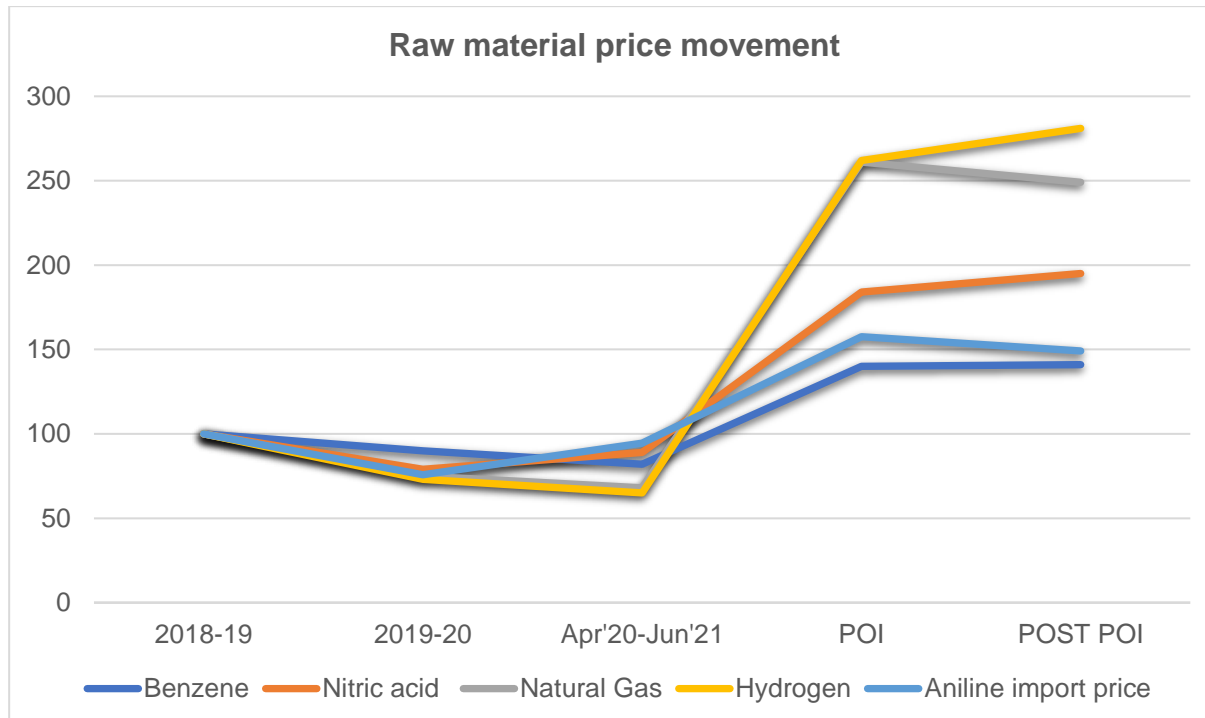
Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Cost of sales	₹/MT	***	***	***	***	***
Trend	Indexed	100	90	84	153	177
Selling price (domestic)	₹/MT	***	***	***	***	***
Trend	Indexed	100	78	109	162	165
Profit per unit	₹/MT	***	***	***	***	***
Trend	Indexed	100	-81	444	281	15
Total profit/(loss)	₹ Lacs	***	***	***	***	***
Trend	Indexed	100	-65	397	314	8
Cash profit	₹ Lacs	***	***	***	***	***

Trend	Indexed	100	-61	391	311	12
Profit before interest	₹ Lacs	***	***	***	***	***
Trend	Indexed	100	-64	400	314	9
ROCE	%	***	***	***	***	***
Trend	Indexed	100	-81	145	86	7

80. It is noted that:

- Prior to imposition of duty in 2020-21, the domestic industry was suffering financial losses. Its cash profit, profit before interest and return on capital employed were also negative in this period.
- Post imposition of the duty, domestic industry's profitability, including cash profit, profit before interest and return on capital employed also improved.
- During the period of investigation, profitability parameters show decline.
- The profitability parameters declined significantly, during post POI.

81. The Authority is cognizant of the reasons for the increase in the cost of sales. It is seen that there was a significant increase in the prices of a number of inputs required for production of aniline. Prices of natural gas, benzene, nitric acid, and benzene increased significantly over the injury period, as is seen from the table below.



Particulars	UOM	2018-19	2019-20	Apr'20-Jun'21	POI	POST POI
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Benzene	Rs/MT	***	***	***	***	***
Trend		100	90	82	140	141
Nitric acid	Rs/MT	***	***	***	***	***
Trend		100	79	89	184	195
Natural Gas	Rs/MT	***	***	***	***	***
Trend		100	75	68	261	249
Hydrogen	Rs/MT	***	***	***	***	***
Increase		100	73	65	262	281
Aniline import price	Rs/MT	***	***	***	***	***

J.7 Inventories

82. The information regarding the inventories with the domestic industry is given below:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Inventory	MT	***	***	***	***	***
Trend	Indexed	100	147	148	129	69

83. It is noted that inventories increased from 2018-19 till POI. The inventories declined significantly in the post period of investigation.

J.8 Employment, wages and productivity

84. The information regarding these parameters is given below: -

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
No of employees	Nos.	***	***	***	***	***
Trend	Indexed	100	72	81	104	104
Salary-wages	₹ Lacs	***	***	***	***	***
Trend	Indexed	100	92	87	92	144
Productivity per day	MT/Days	***	***	***	***	***
Trend	Indexed	100	71	86	98	52

85. It is seen that employment position improved in the POI, and has remained at the same level post POI. Wages have increased during the post-POI as compared to the previous year. The Authority notes that productivity per day of the domestic industry during POI has improved compared to 2019-20 and April 20 June 21 period but declined during post-POI.

J.9 Growth

86. The growth in terms of production, capacity utilization, domestic sales volume,

inventories, profits, cash profits and return on investment of the domestic industry is as per below table:

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Production	Y/Y	-	-29%	21%	14%	-47%
Domestic sales	Y/Y	-	-20%	12%	25%	-50%
Capacity utilization	Y/Y	-	-29%	21%	14%	-47%
Average inventory	Y/Y	-	47%	1%	-13%	-47%
Market share	Y/Y	-	-20%	31%	1%	-50%
Profit/(loss) per unit	Y/Y	-	-181%	648%	-37%	-95%
Cash profit	Y/Y	-	-161%	742%	-21%	-96%
PBIT	Y/Y	-	-164%	876%	-37%	-97%
ROCE	Y/Y	-	-179%	283%	-40%	-92%

87. It is noted that growth of the domestic industry was negative in 2019-20. With the imposition of anti-dumping duty, the domestic industry was able to post considerable growth in various parameters. However, the growth in various volume and price parameters once again became negative in the post period of investigation.

J.10 Ability to raise capital investment

88. It is noted that the profitability and return on capital employed of the domestic industry had improved after the imposition of anti-dumping duty. However, the two parameters show decline in the POI and a steep decline during the post period of investigation. Therefore, the ability to raise capital investment is impaired.

J.11 Conclusion on injury

89. The Authority notes that the performance of the domestic industry improved after the imposition of anti-dumping duties. The domestic industry has seen an increase in the production, domestic sales and profitability in the period of investigation. However, the post period of investigation has seen a drastic change in the performance. The domestic industry has suffered decline in production, domestic sales and profitability. While the cost of sales has increased in the post period of investigation, the import price has declined. The domestic industry has not been able to adjust its prices in line with the increase in the cost of production as the imports have suppressed its prices. The dumped imports from China have increase in the post period of investigation and the increase in imports is more than the increase in the demand. As a result of the increase in imports, the domestic industry has seen a decline in the domestic sales and has been forced to reduce production. Therefore, the Authority concludes that while the performance of the domestic industry improved in the period of investigation, it has suffered injury the post period of investigation due to the increase in the dumped imports from China PR.

J. Magnitude of injury margin

90. The Authority has determined the non-injurious price (NIP) for the domestic industry on the basis of the principles laid down in the Rules read with Annexure III, as amended and in accordance with Generally Accepted Accounting Principles (GAAP). The non-injurious price has been determined by adopting the information/data relating to the cost of production provided by the domestic industry.
91. Based on the landed price and the non-injurious price determined as above, the injury margin for the producers/ exporters as determined by the Authority is provided in the table below:

Name of producer	NIP	Landed price	Injury margin	Injury margin	Injury margin
	USD/MT	USD/MT	USD/MT	%	Range
Connell Chemical Industry Limited Liability Company	***	***	***	***	0-10%
Wanhua Chemical Group Co., Ltd	***	***	***	***	(0-10%)
Others	***	***	***	***	10-20%

K. Causal link.

92. As per the Rules, the Authority, *inter alia*, is required to examine any known factors other than the dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. Factors which may be relevant in this respect include, *inter alia*, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and the domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether the factors listed under the Rules could have contributed to the injury suffered by the domestic industry.

a. Volume and prices of imports from third countries

93. It is noted that in the period of investigation and the post period of investigation, imports above *de-minimis* limits were from United States of America, Belgium and Netherlands. The import price from other countries was lower in the POI when the domestic industry did not suffer injury. However, in the post-POI, the import price from the subject country was lower as compared to cost of sales of the domestic industry and import prices from other countries.

b. Contraction in demand and/or change in pattern of consumption

94. The Authority notes that demand for the subject goods has significantly increased after a decline in 2019-20. Further, the capacity of the domestic industry is lower than the demand, and therefore, a possible decline in demand cannot be a cause of injury.

c. Trade restrictive practices

95. No interested parties have produced any evidence relating to any known restrictive trade practice.

d. Development in technology

96. The Authority notes that the technology for the production of the subject goods has not undergone any change.

e. Export performance

97. The Authority has considered the injury data for the domestic operations separately for the injury analysis.

f. Performance of other producers

98. The Authority has considered data relating to the performance of the subject goods only.

L. Likelihood of continuation or recurrence of injury

L.1 Submissions of the applicant and other interested parties.

99. The following submissions have been made by the applicant and other interested parties in likelihood:
- a. The existence of dumping is not material while invoking Rule 23 (1A) if the injury to the domestic industry is not likely to continue or recur, if the said anti-dumping duty is removed or varied.
 - b. The capacity expansion undertaken by Wanhua is at a very advanced stage and is likely to take substantial time.
 - c. The capacity expansion by Wanhua is being undertaken by the producer which does not export to India.
 - d. The prices of the domestic industry have remained high in the post period of investigation which shows that there is no likelihood of injury.

L.2 Submission of the domestic industry.

100. The following submissions have been made by the domestic industry on likelihood:
- a. Imports have increased in absolute and relative terms and dumping has intensified. This shows a clear likelihood of continuation of dumping in the event of expiry of duties.
 - b. The Chinese producers are expanding their capacities and will look for Indian market if the duties expire. The capacity expansion by Wanhua is 225% the demand in India.
 - c. The exports to third countries are at dumped and injurious prices. Since the Indian market offers better prices, it is very likely that exports will be diverted to Indian market.
 - d. The import price is below the cost of the domestic industry, which shows that with the expiry of anti-dumping duties, it is very likely that the imports will have a suppressing impact on the prices of the domestic industry.
 - e. No material has been brought forward by the interested parties to show that there is no likelihood of injury.

L.3 Examination of the Authority

101. The Hon'ble Supreme Court in the matter of *Rishiroop Polymers Pvt. Ltd. v. Designated authority and Additional Secretary (2006 4 SCC 303)* has held as follows: -

“35. Otherwise also, we are of the opinion that scope of the review inquiry by the Designated authority is limited to the satisfaction as to whether there is justification for continued imposition of such duty on the information received by it. By its very nature, the review inquiry would be limited to see as to whether the conditions which existed at the time of imposition of anti-dumping duty have altered to such an extent that there is no longer justification for continued imposition of the duty. The inquiry is limited to the change in the various parameters like the normal value, export price, dumping margin, fixation of non-injury price and injury to domestic industry. The said inquiry has to be limited to the information received with respect to change in the various parameters. The entire purpose of the review inquiry is not to see whether there is a need for imposition of anti-dumping duty but to see whether in the absence of such continuance, dumping would increase and the domestic industry suffer.”

102. Unlike a sunset review wherein the Authority is required to determine if anti-dumping duty is required to be extended further, a mid-term review requires the Authority to consider and determine whether there is sufficient justification for withdrawal of anti-dumping duty at a premature stage. Therefore, the Authority has undertaken likelihood analysis as well to determine if premature withdrawal of anti-dumping duty will lead to injury to the domestic industry.

L.3.1 Whether the imports are entering at prices likely to suppress/depress the prices of the domestic industry.

103. The relevant information is given below: -

Particulars	Unit	2018-19	2019-20	Apr'20- Jun'21 (A)	POI	Post POI
Cost of sales	₹/MT	***	***	***	***	***
Trend	Indexed	100	90	84	153	177
Selling price	₹/MT	***	***	***	***	***
Trend	Indexed	100	78	109	162	165
Landed value	₹/MT	94,431	71,542	89,183	1,48,776	1,40,840
Trend	Indexed	100	76	94	158	149

104. It is noted that that in 2019-20, the landed price of imports was below the cost of sales and selling price of the domestic industry. The domestic industry suffered losses in this period and the Authority had recommended anti-dumping duties. The cost of sales declined in April 2020 to June 2021, but landed price of imports and selling price of the domestic industry increased. In the period of investigation, cost of sales, and selling price of the domestic industry and the import price increased. The post period of investigation has, however, seen an increase in the cost of sales but decline in the import prices.

L.3.2 Dumping margin and injury margin.

105. It is noted that the dumping margin has increased in the POI. It is also seen that the landed price of imports continues to be below the cost of the sale of the DI in the post POI.

L.3.3 Third country dumping

106. Information as per the response filed by producers/exporters is given below: -

Exports to third countries	UOM	Wanhua (Export only to unrelated parties is considered)	Connell	Total as per response
Non-dumped	MT	***	***	***
Dumped	MT	***	***	***
Total	MT	***	***	***
Dumped exports	%	70-80%	75-85%	75-85%

107. It is seen that 70-80% of the exports from Wanhua Chemical and 75-85% exports from Connell to third countries were at dumped prices.

L.3.4 Third country injurious exports

108. Information as per the response filed by producers/exporters is given below: -

Exports to third countries	UOM	Wanhua (Export only to unrelated parties is considered)	Connell	Total as per response
Non injurious	MT	***	***	***
Injurious	MT	***	***	***
Total	MT	***	***	***
Injurious exports	%	35-45%	20-30%	20-30%

109. It is seen that 35-45% of the exports from Wanhua Chemical and 20-30% exports from Connell to third countries were at below non-injurious prices.

L.3.5 Price attractiveness of the Indian market

110. Information as per the response filed by producers/exporters is given below: -

Exports to third countries	UOM	Wanhua (Export only to unrelated parties is considered)	Connell	Total as per response
Above prices in India	MT	***	***	***
Below prices in India	MT	***	***	***
Total	MT	***	***	***
Price attractiveness	%	80-90%	0-10%	0-10%

111. It is seen that 80-90% of the exports from Wanhua Chemical and 0-10% exports from Connell to third countries were at below export prices to India.

M. Indian Industry's Interest & Other Issues

M.1. Submission of the other interested parties

112. The following submissions have been made by the applicant and the other interested parties on the Indian Industry's Interest and Other Issues:

- a. The demand for the product under consideration in India is in the range of 120000-130000 MT but the capacity available with the sole Indian producer is only about 35000 MT to 40000 MT.
- b. The users are forced to pay anti-dumping duty despite such a huge demand supply gap and high prices being charged by the exporters as well as the domestic industry.
- c. The product under consideration constituted about 15-25% of the raw material cost

of users and as a result, increases in price of the product under consideration has created tremendous pressure on the user.

- d. The profitability of the participating users declined from 100 to 72 indexed points. The return on capital employed of the user industry is negative.
- e. Impact should be quantified based on the response filed by the response filed by the users.

M.2. Submission of the domestic industry

113. The following submissions have been made by the domestic industry on the Indian Industry's Interest and Other Issues:

- a. The product under consideration is not the sole factor impacting the cost of the product produced by the applicant companies. Share of the product under consideration is only 0.5 KG per KG of Amino Diphenylamine, Sodium Mercapto Benzothiazole, Benzothiazole and Trimethyl Dihydroquinoline produced by them.
- b. The prices of the product produced by the applicant companies have also increased sharply since the imposition of anti-dumping duty as can be seen below: -

SN	Name of the product	HS Code considered	Price - Rs/MT		Increase in price	
			2019-20	2022-23	Rs/MT	%
1	4-Amino Diphenylamine	29214410	1,29,900	2,11,477	81,577	63%
2	Acetanilide	29242910	71,966	1,39,615	67,649	94%
3	Benzothiazole	29342000	2,82,980	5,35,823	2,52,843	89%
4	Fuel Additives	38119000	2,52,447	2,81,381	28,934	11%
5	2,2,4-Trimethyl Dihydroquinoline	38123100	2,11,680	2,75,587	63,907	30%

- c. While the anti-dumping duties are necessary to offset the dumping resorted by the Chinese producers, they have a miniscule impact on the downstream industry as can be seen below.

SN	Name of product	UOM	Price of product	Norm per KG	ADD impact	Impact
1	Amino Diphenylamine	Rs/Kg	173	0.5	1.44	0.83%
2	Sodium Mercapto Benzothiazole	Rs/Kg	985	0.55	1.65	0.16%
3	Benzothiazole	Rs/Kg	525	0.5	1.5	0.27%
4	Trimethyl	Rs/Kg	400	0.53	1.59	0.38%

Dihydroquinoline					
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- d. The demand supply gap does not justify dumping. If there is a demand supply gap in the country, the foreign producers can certainly fill the gap in the country by bringing the product at a fair price.
- e. Anti-dumping duty is a redressal of unfair price discrimination by the producers in other countries, which is injurious to the industry in India.
- f. Anti-dumping duty is not a protection to the industry, but rather a tool to bring fair market competition in the country.
- g. The domestic industry is the sole producer supplying in the domestic market. Continued dumping in significant quantities can lead to stoppage of production and sales completely.
- h. The product under consideration continues to be exported at dumped prices. The viability of the consumers cannot be dependent on access to raw material at unfair and dumped prices.
- i. There are other sources of supply in the domestic market. The users are free to import from other countries such as European Union and United States of America.

M.3. Examination by the Authority.

114. The Authority issued Gazette Notification inviting views from all the interested parties, including importers, consumers, and other interested parties. The Authority has also prescribed a questionnaire for the consumers to provide relevant information with respect to the present investigation, including the possible effects of enhancement of existing anti-dumping duties on their operations. The Authority sought information on, *inter-alia*, the interchangeability of the product supplied by various suppliers from different countries, ability of the consumers to switch sources, the effect of anti-dumping duties on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation resulting from modified anti-dumping duties.
115. The Authority recognizes that the imposition of the anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of the anti-dumping measures. On the contrary, the imposition of the anti-dumping measures would remove the unfair advantages gained by the dumping practices, prevent the decline of the domestic industry and help maintain the availability of wider choice to the consumers of the subject goods.
116. The Authority notes that the demand-supply gap in the country does not bar the domestic industry from seeking redressal from dumped imports, nor it justify exports at dumping prices. As held by the CESTAT in the matter of *DSM Idemitsu Limited vs. Designated Authority*, the demand-supply gap does not justify dumping. The foreign producers can always meet the Indian demand by selling the product at un-dumped prices. Even after the imposition of anti-dumping duty, the imports are not restricted in the country. Barring the subject country, there are significant imports from other countries as well. The users

are free to imports from these countries.

117. The Authority had prescribed an Economic Interest Questionnaire which was sent to all interested parties to this investigation. The information provided by the domestic industry and in the economic interest questionnaire and the information as per the response filed by the users have been considered for examining the impact of the anti-dumping duty on the product under consideration.
118. The impact of anti-dumping duty on the downstream industry is given below: -

SN	Product	Price of end product	Share of anti-dumping duty	Impact in %
1	Rubber chemical	***	***	>1%
2	DMA	***	***	>1%
3	DEA	***	***	>1%
4	MEA	***	***	>1%

119. It is noted that the impact of anti-dumping duties on the cost of the downstream product is minuscule.

N. Post disclosure comments

N.1. Submission of the other interested parties

120. The following comments were made by other interested parties post issuance of the disclosure statement:
- a. That Connell Chemical is entitled to get a separate rate of duty based on the dumping margin and injury margin calculated by them.
 - b. It is submitted that it is incorrect to say that the impact of anti-dumping duty on the user industry is >1%. Initially, the average landed value of aniline in the POI of the original investigation was INR 69,264 per MT. However, the same increased to a weighted average of INR 142,885 per MT in the POI of the present review. Thus, the applicant is paying double the price for same quantity of aniline and the total cost of procurement of aniline has sharply increased to [***] in the POI of the present review.
 - c. The applicant has submitted that the observation of the Authority that it is not viable for the domestic industry to produce the PUC is pure conjecture. The applicant has requested the Authority to give a conclusive finding on whether the Authority has arrived at this conclusion based on any documentary evidence that it is not viable to produce aniline.
 - d. It is submitted that taking a period of 12 months for the post-POI goes against the established practice of taking a period of 6 months for post-POI and no justification

- has been given for the same.
- e. It is submitted that the source of data for the prices of raw materials namely benzene, concentrated nitric acid (“CNA”), Natural Gas and Hydrogen has not been given in relevant places.
 - f. It is submitted that the prices mentioned for Hydrogen and CNA in the Disclosure Statement were highly inflated and that the rate of increase in the prices of Hydrogen and CNA was not as high as projected in the Disclosure Statement. It was also submitted that there is no direct relation of prices of Natural Gas to prices of aniline. The Applicant has filed documentary evidence to show the same. Thus, the Authority is requested to verify the prices provided by the domestic industry for Hydrogen and CNA since they seem inflated.
 - g. It is submitted that the increase in imports is more than the demand and supply gap in the country and that the sales volumes of the domestic industry have declined significantly. However, it is submitted that this situation has arisen solely due to the domestic industry’s commercial decision to not manufacture and supply aniline in the market. Due to this, the user industry in India is suffering since the domestic industry is unwilling to supply aniline and the users have to pay the anti-dumping duty to import aniline from China PR.
 - h. Wanhua submitted that while dumping margins for it were in the range of 10-20% and injury margins in the range of (0-10%), the exports did not cause any injury to the domestic industry.
 - i. It is submitted that there is no third-country dumping of the product under consideration (PUC).
 - j. Wanhua submitted that there is no basis for the continuation of the anti-dumping duty. The Authority has computed a negative margin for Wanhua, indicating that its landed value (without anti-dumping duty) is higher than the non-injurious price (NIP) in India. As the NIP is below the landed value, it is argued that there is no overall injury from the imports of aniline from China, considering a landed price (without anti-dumping duty) of INR 1,48,776/MT.
 - k. It is submitted that there is absence of injury of to the domestic industry. The decline in aniline production is attributed to the domestic industry’s strategy of prioritizing the sale of concentrated nitric acid and nitrobenzene.
 - l. It is submitted that continuation of anti-dumping duty is against public interest. It is submitted that the domestic industry's capacity for aniline has remained unchanged at 35,000 MT since the original investigation, and there's no commitment to increasing it despite receiving protection. With an annual demand for aniline in India at 125,000 MT and no other domestic manufacturer, there's a substantial 90,000 MT demand-supply gap.
 - m. Benzene is the major raw material for manufacturing aniline and the prices of benzene will affect the prices of product under consideration. The Authority has repeatedly found in the previous investigations that benzene is the major raw material for manufacturing aniline.
 - n. Increase in prices of natural gas do not hold much significance as its share in the cost of production of aniline is insignificant.

N.2. Submission of the domestic industry

121. The following submissions have been made by the domestic industry.

- a. A perusal of the disclosure statement establishes that the grounds for withdrawal of anti-dumping duties brought by the applicant are insufficient to withdraw anti-dumping duties measures in force.
- b. Since the dumping margin and injury margin for one of the cooperating exporters and for non-cooperating exporters is higher than the existing anti-dumping duty, the new duty needs to be recommended in respect of these parties.
- c. Since dumping margin and injury margin in respect of Wanhua Chemical Group Co., Ltd. is negative, and the duty is required to be extended on the grounds of likelihood, the quantum of duty cannot be reduced.
- d. Even though the submission made by R.K. Synthesis Limited is significantly delayed, information on record of the Authority, such as capacity, production, domestic sales and such other parameters are relevant and should be adopted as “facts available”, and as mandated by Rule 6(8).
- e. Considering the capacities set up by R.K. Synthesis Limited, the gross production capacity for the product enhanced from 48,000 MT to more than 60,000 MT.
- f. While the other interested parties made sounds that the domestic industry is not expanding capacity, information provided by R.K. Synthesis Limited also shows that the company has suffered significantly as a result of Chinese low-priced import.
- g. The performance of the other producer establishes that the poor performance in the post period of investigation is not due to transfer price of raw materials by the domestic industry.
- h. One of the participating producers, Wanhua Chemical Group, has significantly expanded its capacity in 2022. The Authority is requested to consider the capacity expansion, idle capacities and export orientation of the Chinese producers.

N.3. Examination by the Authority

122. The Authority has examined the post disclosure submissions made by the other interested parties and notes that some of the comments are reiterations which have already been examined suitably and addressed adequately in the relevant pages of the findings. Issues raised in the disclosure statement which have already examined, have not been examined now.

123. As regards the contention of impact of the impact of anti-dumping duty on the user industry being >1%, it is noted that the applicant has not shown how the impact of less than one percent is incorrect and how much is the actual impact on the downstream products. The applicant has raised concerns only about the increase in price of aniline due to the anti-dumping duty. The applicant has not established the impact of the increase in price on eventual end product and competitiveness. No material has been provided to

show that performance of the downstream industry or availability of the product in the market suffered due to imposition of anti-dumping duty.

124. As regard the contention that the prices of benzene and other raw materials are inflated. The Authority notes that the other interested parties had not provided any evidence in support of their argument. The new evidences brought on record post disclosure of facts cannot be considered at this stage. The information provided by the domestic industry has been verified by the Authority from its books and records. Therefore, the contention cannot be accepted.
125. As regards the comments on adverse impact of anti-dumping duty despite large demand and supply gap, the Authority notes that the demand and supply gap existed at the time of original investigation as well. The performance of the domestic industry has again declined in the post period of investigation. The Authority has also found that the ability of the domestic industry to raise capital investment is impaired.
126. As regards the submission that decline in aniline production is attributed to the domestic industry's strategy of prioritizing the sale of concentrated nitric acid and nitrobenzene, the Authority notes that whereas the cost of sales has increased the post period of investigation, the import price of the product under consideration has declined and the domestic industry has not been able to increase its prices. The domestic industry has suffered a decline in the profitability as well. Therefore, the contention that decline in aniline production is attributed to the domestic industry's strategy of prioritizing the sale of concentrated nitric acid and nitrobenzene cannot be accepted. It is also noted that if a producer finds it more lucrative to sell the product in the domestic market rather than captively consume and then sell the downstream product, this itself shows adverse performance in the downstream product.
127. It has been contended by the applicant that Authority has in past found that benzene is the major raw material for manufacturing aniline and the prices of benzene will impact the prices of the product under consideration. The Authority notes that the applicant had only identified benzene as a significant factor impacting the prices of product under consideration. However, based on the information provided by the domestic industry it was seen that the prices of other raw materials have also increased. It is also seen that share of benzene in the product under consideration cost is only between 40-50%. While the share of benzene is significant, an analysis that the gap between benzene and product under consideration has increased which justifies withdrawal of anti-dumping measures would be incorrect. It has also been stated that the increase in natural gas prices will have marginal impact on cost of production of the domestic industry, the Authority has examined the price trend of all the raw materials required for the production of the product under consideration.
128. As regards the contention that the fact that the non-injurious price determined is lower than the net selling price which shows that the domestic industry has not suffered injury,

the Authority has found that the domestic industry's performance improved in the period of investigation. The domestic industry has not contended that it has suffered injury in the period of investigation. It is in the post period of investigation that the cost of sales has increased and the landed price has declined. Therefore, the submission is rejected.

129. As regards the argument of a 12-month period as the post period of investigation, the information on a 12-month post period of investigation was shared by the domestic industry along with its written submission. It has not been shown by the other interested parties on how consideration of a shorter period would have been shown a different trend. Therefore, the submission is rejected.

O. Conclusion and recommendation

130. Having initiated and conducted the review as requested by the applicant and having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority through the submissions made by the interested parties or otherwise as recorded in this finding and on the basis of the analysis of the state of current and likely dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:


- a. Landed price of imports has increased till the POI but declined thereafter. The performance of the domestic industry improved post imposition of anti-dumping measures but has declined again in the post-POI.
- b. Benzene is not the sole factor in the production of the PUC. The production of PUC also requires other raw materials such as concentrated nitric acid ("CNA"), Natural Gas and Hydrogen. The prices of all the raw materials show an increase in the POI and post-POI. Therefore, it does not amount to change in circumstances warranting withdrawal of anti-dumping duty.
- c. The ex-works / selling price of the domestic industry for the subject goods was higher than the non-injurious price implies that there is no current injury. Mere absence of current injury, however, does not in itself imply absence of likelihood of injury.
- d. As regard the contention that the domestic industry's performance has improved, the Authority notes that the performance increased post the imposition of measures but declined in the post period of investigation.
- e. The Authority notes that the demand supply gap had existed at the time of imposition of measures in the original investigation and therefore, it does not amount to change in circumstances warranting withdrawal of anti-dumping duty.
- f. The incidence of anti-dumping duty is insignificant in the prices of the downstream industry.
- g. The fact that the import price has declined in the post period of investigation when the cost of sales has increased shows that increase in delta as a changed circumstances is not of lasting nature.
- h. The changed circumstances of dumping and injury were not of lasting nature and

injury to the domestic industry is likely to recur or intensify if the duties are revoked.

131. Having concluded that the change in the circumstances were not of lasting nature and the injury to the domestic industry is likely to recur, if the existing anti-dumping duty is removed, the situation of the domestic industry continues to be fragile and there is likelihood of continuation/resumption/intensification of dumping and injury on account of imports of the subject goods from the subject country, if the duties are revoked, the Authority holds that it would not be appropriate to withdraw the measure in respect of imports of the subject goods from the subject country.
132. The Authority notes that having found that there is a likelihood of dumping and injury in case of revocation of anti-dumping measures, the same anti-dumping duties as determined in the original investigation are required to be maintained. The Authority considers that it would not be appropriate to modify the quantum of measure in the present case, having regard to peculiar facts and circumstances of the present case. While the injury margin in respect of one of the cooperating exporters is negative, the volume of imports in respect of other cooperating exporter is low and insufficient to warrant modification of the quantum of duty applicable on the said exporter. Even when the injury margin for one of the cooperating exporters was found negative in the POI, it is also seen that the said change in circumstances were not of lasting nature. There is a clear likelihood of recurrence of injury. Further, even though the injury margin in respect of one of the exporters is higher than the existing quantum of anti-dumping duty, since the exporter was earlier subject to residual duty, and the volume of its exports are low, it would not be appropriate to determine individual duty for this exporter. It is also seen that the exporter had earlier filed application for new shipper review. It is however seen that the dumping and injury margin in respect of its exports is in fact higher than the quantum of anti-dumping duty suffered by the exporter. The Authority is also of the opinion that the domestic industry has not been able to establish a need for upward increase in the quantum of anti-dumping duty.
133. In view of the above position, the Authority considers it necessary and recommends continuation of the anti-dumping duties imposed on the imports of the subject goods, originating in or exported from the subject country, as notified earlier vide final findings no. 6/42/2019 DGAD dated 20th January, 2021 and without any modification to the quantum of anti-dumping duty.

P. Further procedure

134. An appeal against the order of Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.

A handwritten signature in black ink, appearing to read 'Anant Swarup', with a long horizontal line extending to the left.

Anant Swarup

Designated Authority