

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

**F. No. 6/38/2020-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi -110001**

Dated: 28th September, 2021

NOTIFICATION

FINAL FINDINGS

Case No. AD (OI) – 33/2020

Subject: Anti-dumping investigation concerning imports of “Decor Paper” originating in or exported from China PR.

F. No. 6/38/2020-DGTR- Having regard to the Customs Tariff Act, 1975, as amended from time to time and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time, thereof:

A. BACKGROUND OF THE CASE

2. The Designated Authority (hereinafter also referred to as the “Authority”) received an application from M/s ITC Limited Paperboards and Specialty Papers Division (hereinafter also referred to as the “applicant” or the “petitioner” or the “domestic industry” or “DI”) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as “the Rules” or the “AD Rules”) for imposition of anti-dumping duty on the imports of “Decor Paper” (hereinafter also referred to as the “product under consideration” or the “PUC” or the “subject goods”) originating in or exported from China PR (hereinafter also referred to as the “subject country”).
3. And whereas, in view of a duly substantiated application filed by the applicant, showing prima facie dumping of the subject goods originating in or exported from the subject country and consequent injury to the domestic industry, the Authority issued a public notice vide Notification No. 6/38/2020-DGTR dated 30th September, 2020, published in the Gazette of India, Extraordinary, initiating an anti-dumping

investigation into the imports of the product under consideration originating in or exported from the subject country in accordance with the Rules to determine the existence, degree and effect of any alleged dumping of the subject goods and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

4. The procedure described herein below has been followed by the Authority with regard to the subject investigation:
 - a. The Authority notified the Embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with the Rules.
 - b. The Authority issued a public notice dated 30th September, 2020, published in the Gazette of India, Extraordinary, initiating the anti-dumping investigation concerning the import of the subject goods from the subject country.
 - c. The Embassy of the subject country in India was informed about the initiation of the investigation in accordance with Rule 6(2) of the Rules. The Authority e-mailed a copy of the initiation notification to the Government of the subject country, through its Embassy in India, known producers/exporters from the subject country, known importers/users and the domestic industry as well as other domestic producers as per the addresses made available by the applicant and requested them to make their views known in writing within the prescribed time limit.
 - d. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Government of the subject country, through its Embassy in India in accordance with Rule 6(3) of the Rules supra. A copy of the non-confidential version of the application was also made available to the other interested parties, wherever requested, through e-mails.
 - e. The Authority sent Exporter's Questionnaire to the following known producers/exporters in the subject country to elicit relevant information in accordance with Rule 6(4) of the Rules:
 - i. Changle Keyuan Paper Company Limited
 - ii. Hangzhou Huawon New Material Technology Company Limited
 - iii. Kingdecor (Zhejiang) Co., Ltd.
 - iv. Qifeng New Material Ltd.
 - v. Xianhe Co., Ltd.
 - f. The Embassy of the subject country in India was requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and the questionnaire sent to the known producers/exporters was also sent to the Embassy along with the list of the known producers/ exporters from the subject country.

- g. In response to the initiation notification of the subject investigation, the following producers/exporters from the subject country have responded by filing the questionnaire response:
- i. Kingdecor (Zhejiang) Co., Ltd. China PR
 - ii. Qifeng New Material Ltd., China PR
 - iii. Shandong Boxing Ouhua Special Paper Co., Ltd.
 - iv. Xianhe Co., Ltd.
 - v. Zhejiang Xianhe New Materials Sales Co., Ltd.
 - vi. Zibo OU-MU Special Paper Co., Ltd.
- h. The Authority sent the importer's questionnaire to the following known importers / users of the subject goods in India, calling for necessary information in accordance with the Rules.
- i. Century Plyboards I Limited
 - ii. Color Experts
 - iii. Fakirson Papchem Private Limited
 - iv. Fancy Roto Prints
 - v. Greenlam Industries Limited
 - vi. JKS Decor Paper LLP
 - vii. Merino Industries Limited
 - viii. Maruti Decor
 - ix. Maruti Paper Chem
 - x. Match Graphics Private Limited
 - xi. Matchwell
 - xii. Mbee Paper Prints Private Limited
 - xiii. Microteck Printage Private Limited
 - xiv. Pixel Printers
 - xv. Printech Industries
 - xvi. Sanwaliya Impex LLP
 - xvii. Saraf Sales Corporation
 - xviii. Saya Paper Print Private Limited
 - xix. Shindecor
 - xx. Shivam Paper Print
 - xxi. Silver Paper Print
 - xxii. Slick Mica Private Limited
 - xxiii. Stylam Industries Limited
 - xxiv. Surface Dekor Private Limited
 - xxv. Tanish Industries Private Limited
 - xxvi. Unique Decor (India) Private Limited
 - xxvii. Vinayak Decor
 - xxviii. Vision Printers
- i. The Authority sent the questionnaire to the following known Associations of the subject goods in India for circulation and calling for the necessary information in accordance with the Rules:
- i. Associated Chambers of Commerce and Industry of India

- ii. Confederation of Indian Industry
- iii. Federation of Indian Chamber of Commerce and Industry
- iv. Indian Laminate Manufacturer's Association
- j. In response to the initiation of the subject investigation, the following importers/users have responded by filing the questionnaire response:
 - i. Aica Laminates India Private Limited
 - ii. Deco Mica Limited
 - iii. Fakirsons Papchem Private Limited
 - iv. JKS Decor Paper LLP
 - v. Match Graphics Private Limited
 - vi. Saraf Sales Corporation
- k. The Authority sent notice of initiation to the following other domestic producers, intimating them of the initiation of investigation, with a request to provide relevant information to the Authority in the form and manner prescribed:
 - i. Pudumjee Paper Products
 - ii. Shree Krishna Papers
- l. Due to the worldwide outbreak of COVID-19 and consequent restrictions on physical movement imposed by different countries, including India, the Authority circulated the non-confidential version of the evidence presented by the domestic industry and the various interested parties to the other interested parties for inspection by the other interested parties.
- m. The request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction-wise details of the imports of the subject goods for the past three years and the period of investigation, which was received by the Authority. The Authority has relied upon the DGCI&S data for computation of the volume of the imports and its analysis after due examination of the transactions.
- n. The non-injurious price (NIP) has been determined based on the optimum cost of production and the cost to make & sell the subject goods in India as per information furnished by the domestic industry and in accordance with Generally Accepted Accounting Principles (GAAP) and Annexure III to the Rules. Such non-injurious price has been considered to ascertain whether the anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- o. The Period of Investigation (hereinafter also referred to as the "POI") in the present investigation is 1st April, 2019 to 31st March, 2020. The injury period will cover the periods 1st April, 2016- 31st March, 2017, 1st April, 2017-31st March, 2018, 1st April 2018-31st March, 2019 and the POI.
- p. Considering the fact that the subject goods are being imported under various types, the applicant proposed the Product Control Numbers (PCNs) in order to make a PCN-to-PCN comparison for the injury examination.
- q. The Authority invited the views from the interested parties regarding the PCN methodology proposed by the domestic industry. All the interested parties were

requested to make their views known in writing within 7 days of the issuance of the letter.

- r. The Authority finalized the PCNs vide letter dated 3rd May, 2021, pursuant to which the interested parties filed the PCN wise Information.
- s. Due to the worldwide outbreak of COVID-19 and consequent restrictions on physical movement imposed by different countries, including India, the physical inspection through on-the-spot verification of the information was not carried out by the Authority. The desk verification of the information provided by the applicant/producers/ exporters, to the extent deemed necessary, was carried out by the Authority. Only such verified information, to the extent deemed necessary, has been relied upon for the purpose of this investigation.
- t. The Authority, in accordance with Rule 6(6) of the AD Rules and Trade Notice No. 01/2020 dated 10th April, 2020, conducted an oral hearing through video conferencing on 16th June, 2021 to provide an opportunity to the interested parties to present their views orally before the Authority.
- u. All the parties who had attended the above-mentioned oral hearing were advised to file the written submissions by 23rd June, 2021 of the views expressed orally, followed by the rejoinders, if any, by 29th June, 2021. The arguments made in such written submissions and the rejoinders received from the interested parties have been considered, to the extent deemed necessary, for the purpose of this investigation.
- v. A disclosure statement containing the essential facts in this investigation which would have formed the basis of the final findings was issued to the interested parties on 15.09.2021 and the interested parties were allowed time upto 22.09.2021 to comment on the same. The comments on the disclosure statement received from the interested parties have been considered, to the extent found relevant, in this final finding notification
- w. The submissions made by the interested parties during the course of this investigation, to the extent supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority in this final finding notification.
- x. The information provided by the interested parties on confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claim wherever warranted and such information has been considered as confidential and not disclosed to the other interested parties. Wherever possible, the parties providing information on confidential basis were directed to provide the sufficient non-confidential version of the information filed on confidential basis.
- y. Wherever an interested party has refused access to, or has otherwise not provided the necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such a party as non-cooperative and recorded its views/observations on the basis of the facts available.

- z. The Authority has considered all the arguments raised and the information provided by all the interested parties at this stage, to the extent the same are supported with evidence and considered relevant to the present investigation and have formed the basis for conclusions in the final findings.
- aa. ‘****’ in this final finding notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- bb. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = Rs. 71.65.

C. PRODUCT UNDER CONSIDERATION AND THE LIKE ARTICLE

5. At the stage of initiation, the product under consideration was defined as under:

“3. The product under consideration is "uncoated paper in reel form of 40-130 GSM, having klemm absorbency of at least 12 mm per 10 minutes, wet tensile strength of 6-12 N/15 mm, and gurley porosity of 10-40 sec / 100 ml, containing titanium dioxide or pigments as filler" (herein also referred to as "Decor paper" or "subject goods"). It is a base paper for high pressure (HPL) or low-pressure (LPL) decorative laminates, also known as decorative base paper, decorative paper for high-pressure or low-pressure laminates, coating base paper and print base paper, but excluding printed ready-to-use decor paper.

4. The product under consideration includes various types of decor paper, such as surfacing paper (white/off-white), liner (white / off-white), barrier paper, shuttering base, overlay paper and print base paper (color / white). It may be imported as base paper for waxing, coating and impregnation; base paper for printing; base paper for use in decorative industry and barrier paper, and may come in various sizes as 95 cm, 96 cm, 102 cm, 123 cm, 123.5 cm, 124 cm, 124.5 cm, 125 cm, 131 cm, 132 cm, 183 cm, 184 cm and 185 cm.

5. The product under consideration is produced from pulp, in the form of pressed sheets, which have to be slush in water to make pulp suspension so that pulp is suitable for use. During this process, fibres are separated. To produce decor paper, fibres are refined through the action of mechanical work and in the presence aqueous medium (water). Additives are added in the manufacturing process, which are used as filler in the spaces between fibres, with the aim of improving opacity, whiteness and to increase the quality of print by improving the surface. Thereafter, undesirable particles are removed through cleaning. A volume of diluted pulp suspension is next transformed into a fine, wide and uniform sheet, with all components perfectly distributed, post which the sheet is dewatered, dried and calendared. Lastly, the sheets are slotted as per the requirements, and packed.

6. *The product under consideration is classified under the Chapter 48 of the Customs Tariff Act, 1975 (51 of 1975) under the tariff customs classification 48059100. The Applicant has claimed that the product under consideration is also being imported under 48022090. Both the customs classifications have been considered for the purpose of the present investigation. However, the customs classification is only indicative and is not binding on the scope of the product under consideration.*”

C.1. Views of the other interested parties

6. The submissions of the other interested parties with regard to the product under consideration and the like article are as follows:
 - a. Printed decor paper is a form of decor paper and cannot be excluded from the scope of the product under consideration as it is a like article to the product under consideration.
 - b. The reason behind exclusion of printed decor paper is not tenable. The absence of the duty on the printed decor paper will be injurious and detrimental to the users as well as the domestic industry, as it may lead to the increase in the imports of printed decor paper from the subject country.
 - c. The exclusion of printed decor paper from the scope of the product under consideration will result in circumvention of the anti-dumping duty as the imported printed decor paper will become cheaper than the domestically produced product. Pre-printed decor paper imported from the subject country has the same description as the product under consideration except the printing.
 - d. The product under consideration should be limited to 40-90 GSM as the domestic industry produces between this range as cited on its website. In investigations on coated paper and newsprint, the Authority excluded the product under consideration not manufactured by the domestic industry.
 - e. The petitioner does not produce the product under consideration over 100 GSM and, therefore, cannot seek for the anti-dumping duty on it. Mere capabilities to produce over 100 GSM is not sufficient evidence. The product over 100 GSM must be excluded from the scope of the product under consideration.
 - f. Titanium dioxide used in the manufacturing of the subject goods in India has lower whiteness and low light resistance covering rate as compared to that in China PR. As the content of titanium dioxide is low in India, it should be excluded from the scope.
 - g. The Authority should confirm that ready-to-use decor paper is excluded from the scope of product under consideration regardless of any colour, including white ready-to-use decor paper.
 - h. The product under consideration is two different types of papers, one used directly by laminators and the other used by the printers which manufacture the printed paper for laminating sector. The papers used directly by the laminators have distinct technical specification and quality parameter and command higher cost and price as compared to the paper used by the printers. Each type and sub-type of

decor paper is not technically and commercially substitutable. The paper manufacturers pre-decide whether to make decor paper for the laminators or the printers. The applicant has not explained the difference between the production process of decor paper meant for use by the laminators and the printers.

- i. The applicant is mainly producing print base paper with lower GSM. The laminating industry is largely dependent upon the imports as the production and the sale of the base paper for laminates by the applicant is negligible.
- j. Any type or subtype not produced and supplied by the applicant in substantial quantity should be excluded from the scope of the product under consideration.
- k. The application should not be considered as a parameter for the PCNs as it does not influence the cost and price. The exporters will have difficulty in distinguishing products by application as they do not have the knowledge of the customers usage.
- l. Simply because the product is misclassified or mis-declared cannot be the grounds for inclusion of 4802 20 90 in the scope of the duties. The inclusion of this code would result in practical difficulties for the importers while clearing the goods that actually fall under this code.
- m. The excluded printed decor paper has different HSN code, i.e., 48119099, and is also referred to as 'pre-printed décor paper'. It is also produced by M/s Match Graphics Pvt. Ltd. and other users/décor printers. The said product is also being exported from China PR to India.

C.2. Views of the domestic industry

7. The submissions of the domestic industry with regard to the product under consideration and the like article are as follows:
 - a. The product under consideration is uncoated paper in reel form of 40-130 GSM, having klemm absorbency of at least 12 mm per 10 minutes, wet tensile of 6-12 N/15 mm and gurley porosity of 10-40 sec / 100 ml containing titanium dioxide or pigments as fillers. It is commonly known as decor paper, decorative base paper, decorative paper for high-pressure or low-pressure laminates, coating base paper and print base paper. The scope excludes ready-to-use decor paper.
 - b. In market parlance, the product under consideration is defined as base paper for waxing, coating and impregnation, base paper for printing, base paper for use in decorative industry, barrier paper, and typically comes in reel sizes of 95/96/102 cm; 123/123.5/124/124.5/125 cm; 131/132 cm; 183/184/185 cm.
 - c. The full description of the product under consideration should be used in the duty table in order to avoid circumvention.
 - d. As regards the contention that duty should not be levied on the printed ready-to-use decor paper, it is submitted that the applicant did not include printed ready-to-use decor paper in the petition as the applicant does not constitute domestic industry for the same.
 - e. The interested parties have not identified the product exclusion sought on the basis of titanium dioxide content. Contrary to the submissions made by the interested parties, the titanium dioxide used by the domestic industry is 'imported 100% rutile

titanium dioxide, having 99% purity' and the quality of decor paper produced by the applicant is better than that imported from China PR. Lab reports showing that laminate opacity of the domestic goods is comparable to the imported goods have been provided.

- f. Regarding the contention that the Authority should mention "ready-to-use decor paper, regardless of any colour is excluded from the scope of the product under consideration", it is submitted that merely because some consumers print the paper does not mean that the product of the applicant is not ready-to-use and the same is, therefore, included within the scope.
- g. Since there are various product types involved, a PCN wise analysis is important for fair comparison. The PCNs should be based on GSM, color and application.
- h. The contention of the interested parties that the application should not be considered as a parameter for PCNs should not be accepted as the subject goods used for surfacing or liner are different from the others and have higher cost and the price due to the use of high titanium dioxide and pigments.
- i. The domestic industry has produced and sold the subject goods to the printers as well as to the laminators.
- j. Contrary to the submissions of the interested parties, the applicant has produced and sold the subject goods above 90 GSM and the same cannot be excluded from the scope of the product under consideration. The fact that the subject goods above 90 GSM are not shown on the website of the applicant is irrelevant as the sales are made through sales representatives and not through the website.
- k. The domestic industry has enclosed invoices showing that it has sold the subject goods of more than 90 GSM.
- l. The PCN-wise information provided by the domestic industry already shows that it has produced and sold the subject goods of more than 90 GSM.
- m. The subject goods are being imported under HS Codes 4805 91 00 and 4802 20 90. Contrary to the submissions by the interested parties, substantial volume of the subject goods is being imported under HS Code 4802 20 90. Accordingly, both the codes should be considered for the imposition of the anti-dumping duty. The exclusion of 4802 20 90 will lead to circumvention of the anti-dumping duty.
- n. The subject goods are normally produced and sold in terms of weight, generally in KGs or MTs.
- o. The subject goods produced by the domestic industry are the like article to the products imported from the subject country.
- p. On the contention of the interested parties that the non-imposition of the duties on the pre-printed decor paper will lead to circumvention, it is submitted that the fear of the circumvention should not lead to non-imposition of the anti-dumping duty on the subject goods. If the circumvention happens, the interested parties are free to approach the Authority.

C.3. Examination by the Authority

8. The product under consideration is uncoated paper in reel form of 40-130 GSM, having klemm absorbency of at least 12 mm per 10 minutes, wet tensile strength of 6-12 N/15 mm, and gurley porosity of 10-40 sec / 100 ml, containing titanium dioxide or pigments as filler. It is a base paper for high pressure (HPL) or low-pressure (LPL) decorative laminates, also known as decorative base paper, decorative paper for high-pressure or low-pressure laminates, coating base paper and print base paper, but excluding printed ready-to-use decor paper. Various descriptions such as base paper for waxing, coating and impregnation, base paper for printing, base paper for use in decorative industry, barrier paper and typical reel sizes 95/96/102cm; 123/123.5/124/124.5/125 cm; 131/132cm and 183/184/185 cm have been used by the exporters and the importers for importing the product under consideration.
9. The product under consideration includes decor paper used by the producers of laminates which includes various types of decor paper, such as surfacing paper (white/off-white), liner (white / off-white), barrier paper, shuttering base, overlay paper and print base paper (color/white).
10. Decor paper is classified under the tariff entry 4805 91 00. The product under consideration is also imported under tariff entry 4802 20 90. Some of the interested parties have contended that 4802 20 90 should be excluded for imposition of the anti-dumping duty as there are negligible imports under this code and it will lead to hardship to the importers. The Authority notes that as per the evidence on record, substantial imports of the product under consideration are under the HS code 4802 20 90. Therefore, the exclusion of the said code will lead to circumvention of the anti-dumping duty. Accordingly, both the codes have been considered for the purpose of the present investigation. The customs classification is only indicative and not binding on the scope of the product under consideration.
11. Some of the interested parties have contended that the scope of product under consideration should be restricted up to 90 GSM as the domestic industry does not produce above 90 GSM. The Authority notes that as per the PCN-wise information and the evidence placed on record, the domestic industry has produced and sold the product under consideration above 90 GSM during the period of investigation and accordingly, the scope of the product under consideration includes the subject goods between the range of 40 – 130 GSM.
12. Some of the interested parties have contended that the product under consideration used directly by the laminators is not supplied by the domestic industry. The Authority notes that as per the evidence placed on record, the domestic industry has sold the subject goods to the laminators in the period of investigation and throughout the injury period.

13. The scope of the product under consideration in the present investigation excludes printed ready-to-use decor paper. While some interested parties have sought inclusion of the same in the product scope, the others have opposed. The Authority notes that the initiation notification excluded printed ready-to-use decor paper. Further, the domestic industry is not seeking imposition of the duties on the same. Therefore, the Authority opines that ready-to-use decor paper cannot be included in the scope of the product under consideration.
14. Some of the interested parties have contended that there is a difference of titanium dioxide used in the product under consideration manufactured domestically and that imported in India. However, the domestic industry has stated that it imports 100% rutile titanium dioxide having 99% purity, due to which its quality is comparable to the imported goods. The domestic industry has also submitted the test reports showing that the laminate opacity of its products is comparable to that of the goods imported from China PR. The Authority notes that the interested parties have not defined the product for which exclusion has been sought clearly. Further, no evidence has been adduced to show that the domestic industry has not produced the like article to the imported goods. Accordingly, no modification of the product scope is warranted on this account.
15. The Authority has considered the following PCN methodology for the purpose of the present investigation: -

SN	Characteristics	Code Description	Code Sign
1	GSM	Less than 50 GSM	"1"
		From 50 GSM to less than 70 GSM	"2"
		70 GSM and above	"3"
2	Colour	Coloured decor paper	"C"
		Uncoloured decor paper	"U"
3	Application	Decor paper for liner / surfacing application	"1"
		Decor paper for other applications	"2"

16. On the basis of the information on record with the Authority, the Authority notes that there is no known difference in the subject goods produced by the domestic industry and the ones imported from the subject country. The Authority notes that the subject goods produced by the domestic industry and that imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. In view of the same, the Authority finds that the subject goods produced by the domestic industry are the like article to the product under consideration imported from the subject country.

D. SCOPE OF THE DOMESTIC INDUSTRY & THE STANDING

D.1. Views of the other interested parties

17. The submissions of the other interested parties with regard to the domestic industry and its standing are as follows:
- a. ITC accepted that it had imported the subjects good during 2017-18 but the declaration and statement of the imports annexed in the application does not mention the period during which it imported the subject goods from the subject country. The Authority should verify it and disclose the same.
 - b. The applicant claimed that Shree Krishna Papers supported the application. However, no documentary evidence is available. None of the other producers have supported the application.
 - c. The applicant did not disclose that Shree Krishna Paper and Industries Limited is supporting the petition, prior to oral hearing.
 - d. If Shree Krishna Paper and Industries Limited is supporting the petition, it should also provide its injury information.

D.2. Views of the domestic industry

18. The following submissions have been made by the applicant with regard to the domestic industry and its standing:
- a. The application has been filed by ITC Limited. It has not imported the subject goods from the subject country in the period of investigation and is not related to any exporter of the subject goods in the subject country or the importer in India.
 - b. The applicant imported the subject goods from the subject country in 2017-18 due to shut down of its plant.
 - c. In order to upgrade its plant and machinery, the applicant's plant was shut down for about seven months in 2017-18. Accordingly, to fulfil the demand of its customers, the applicant imported the subject goods from the subject country.
 - d. The applicant accounts for a major proportion of the domestic production in India. Apart from the applicant, there are two other producers of the subject goods in India, namely, Pudumjee Paper Products Limited and Shree Krishna Paper Mills and Industries Limited.
 - e. Shree Krishna Papers has filed a support letter post initiation. In any case, the applicant alone accounts for the major proportion of the domestic production and constitutes the domestic industry even without such support.
 - f. As regards the contention that Shree Krishna Paper and Industries Limited should provide injury information, it was submitted that the applicant cannot compel any producer to do so. Even without the support of any other producer, the applicant accounts for the major production in India.

D.3. Examination by the Authority

19. The Rule 2(b) of the Anti-Dumping Rules defines the 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”.

20. The application was filed by ITC Limited. It is noted that ITC Limited has imported the subject goods in 2017-18 but only ***% of the total imports in that year. However, no imports have been made during the period of investigation. It is further noted that the applicant is not related to any importer or the exporter of the subject goods in the subject country. The Authority finds that the producer is eligible to be included within the scope of the domestic industry.

21. Post the oral hearing, Shri Krishna Paper and Industries Limited has filed a letter in June, 2021 with details of the capacity, the production and the sales, supporting the imposition of the anti-dumping duty on the imports of the subject goods from the subject country. However, they have not submitted the injury information. Therefore, they have not been accounted for as the domestic industry.

22. The applicant accounts for a major proportion of the domestic production.

Producer	Production (MT)	Share in production (%)	Share in production (range)
ITC Limited	***	***%	70-80
Pudumjee Paper Products Limited	***	***%	10-20
Shree Krishna Paper Mills and Industries Limited	***	***%	5-15
Total Indian production	24,227	100%	100%

23. Thus, the Authority notes that ITC Limited constitutes domestic industry under the Rules.

E. CONFIDENTIALITY

E.1. Views of the other interested parties

24. The submissions of other interested parties with regard to the confidentiality are as follows:

- a. The production share of the applicant and the other domestic producers has not been shared. The petition does not declare the value and the volume of the production and the share of the domestic producers. The basis on which the Authority decided the standing is unclear.
- b. The applicant has claimed excessive confidentiality regarding the imports in relation to the production and the consumption, sales volume, market share, installed capacity, production, capacity utilization, export sales, number of employees, productivity, etc.
- c. No data can be kept confidential automatically as held in Sterlite Industries (India) Ltd. V. Designated Authority. The Authority must evaluate the claim of the confidentiality as held in HR Johnson (India) Ltd. V. Designated Authority.
- d. Names of the raw materials, the manufacturing process, the source for total volume and the value of Indian production and the source of average industry norms for the capacity utilisation, the calculation of the normal value and the export price and the range of share in the total domestic production have not been provided. For funds raised, a reference has been made to financial statements which are unavailable.
- e. The total percentage of the imports covered by each product type and the price undercutting range for each product type has not been disclosed.
- f. The applicant has not disclosed the total period for which the plant was not operational, the actual quantity of imports by ITC, the reason for importing the product under consideration and the basis on which the adjustments were made to the data.
- g. The applicant has claimed excessive confidentiality by not providing the relevant information in the non-confidential petition. For section VI of the petition, a reference has been placed to Formats A to L but nothing has been disclosed. The justification table provided is not as per the Trade Notice.
- h. The non-injurious price has not been provided in a range of +/-10% as required in the trade notice.
- i. The purchase policy, the sales policy, the accounting policy, the cost accounting policy and the quality control procedures have been claimed confidential. The trend of the information with regard to the utility consumption, the cost of the production, the raw material and the packing material consumption has not been provided.
- j. The Authority should direct the applicant to provide the transaction-wise import data to the interested parties.

E.2. Views of the domestic industry

25. The following submissions have been made by the domestic industry with regard to the confidentiality:

- a. The producers / exporters have claimed excessive confidentiality by claiming the information given in the public domain as confidential.
- b. The producers / exporters have not complied with the requirements of Trade Notice 10/2018 and 01/2013.
- c. Contrary to the claims of the interested parties, the applicant has shared its share in the total production with the Authority and the Authority has examined the same as is evident from the initiation notification. As there are only three producers in the market, the disclosure of such information even in a range will provide estimate of production to the other domestic producers. The applicant has fulfilled its obligation under the Trade Notice 10/2018 by providing the best available information on an aggregate basis.
- d. The disclosure of the information with regard to the share of the applicant in the total production, the period of shutdown, the volume of the imports by the applicant, the imports in relation to the production and the consumption, the sales volume, the market share, the installed capacity, the production, the capacity utilization, the export sales, the number of employees, the productivity, etc. sought by the interested parties is of confidential nature. The interested parties have themselves not disclosed such information in their response.
- e. Contrary to the claims of the interested parties, the applicant has disclosed the names of the major raw material, the manufacturing process, the normal value and the export price in the petition. The constructed normal value is based on the business sensitive information and only the range for the constructed normal value has been shared. The financial statements of the applicant are available in the public domain and the link for the same was shared. There is no source for the average industry norms as it is based on the market intelligence of the applicant.
- f. Regarding the contention that the methodology for the adjustment of shutdown period has not been shared, it is submitted that the applicant has followed the methodology used by the Authority for optimizing the costs. It has determined its production and the cost of production as if the plant had not shut down and allocated the fixed cost over the higher production volume.
- g. Contrary to the submissions by the interested parties, the applicant has provided justification table as per the requirements of the Trade Notice.
- h. With regard to the trends of the costing formats and the policies of the applicant, the information is business proprietary in nature and cannot be disclosed. Even the interested parties have not disclosed such information. The interested parties have claimed excessive confidentiality and not complied with the requirements of the Trade Notice 10/2018.
- i. As regards the contention that the non-injurious price has not been provided in the range of +/- 10%, it is submitted that a broader range has been shared as disclosure of non-injurious price would allow the customers to benchmark their prices and demand a lower price from the applicant.
- j. The applicant has enclosed the transaction-wise listing and the interested parties are free to obtain it by giving necessary undertaking to the Authority.

E.3. Examination by the Authority

26. With regard to confidentiality of the information, the Rule 7 of the Anti-dumping 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 sub-rule (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 disclosure in a generalized or summary form, it may disregard such information.”

27. The Authority considers that any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential basis by the parties to an investigation shall, upon good cause shown, should be treated as such by the Authority. Such information cannot be disclosed without specific permission of the party submitting it.

28. The Authority has considered the claims of confidentiality made by the applicant and the opposing interested parties and on being satisfied about the same, the Authority has allowed the claims on confidentiality. The Authority made available to all the interested parties the non-confidential version of the evidence submitted by the various interested parties for inspection.

29. The interested parties have contended that the domestic industry has not disclosed its share in production, imports in relation to production and consumption, sales volume, market share, installed capacity, production, capacity utilization, export sales, number

of employees, productivity, period of shutdown, volume of imports made, Formats A to L, non-injurious price, purchase policy, sales policy, accounting policy, cost accounting policy, quality control procedures, utility consumption, cost of production, raw material and packing material consumption. However, the Authority notes that such information is confidential in nature, and therefore, disclosure thereof would be prejudicial to the competitive interests of the domestic industry. Further, the Authority has accepted confidentiality claims of the producers / exporters from the subject country in respect of similar information as well.

30. The Authority further notes that contrary to the claims of the interested parties, the domestic industry has disclosed the names of the raw material, the manufacturing process, calculation of the normal value and the export price and the reasons of plant shutdown. As far as funds raised are concerned, the domestic industry has claimed that the same are not identifiable separately for the product under consideration.
31. With regard to the DGCI&S data, the Authority notes that the data has been shared with the interested parties relating to volume & value of the imports from the exporting countries into India. Further, the applicant has provided a complete list of transaction wise import data. It is also noted that any interested party can obtain data independently from the DGCI&S and lodge its own counter claim based on the data so received. The Authority holds that procedure for sharing and procuring import data has been laid down in the Trade Notice 07/2018 dated 15th March 2018. It provides that (i) the sorted import data relied upon by the domestic industry can be shared in hard copy & (ii) interested parties can seek authorization from the Authority for seeking raw transaction by transaction import data from DGCI&S. Sorted import data was made accessible to the interested parties based upon declaration/undertaking as per prescribed format. The Authority, thus, notes that the procedure now being applied is consistent, uniform across the parties and the investigations and provides adequate opportunity to the interested parties to defend their interests.

F. MISCELLANEOUS ISSUES

F.1. Views of the other interested parties

32. The submissions of the other interested parties with regard to the other issues are as follows:
 - a. Para 15 of the initiation notification states that the Authority had prima facie evidence of the dumping and the injury. However, the evidence submitted must be of adequate quality to constitute “sufficient evidence”, and not prima facie evidence. The Panel in Mexico – Pipes and Tubes noted that the determination of the sufficiency must be based on an assessment of the accuracy and the adequacy of the evidence. Panel in United States – Softwood Lumber from Canada disputes held that the sufficiency means more than the mere allegations or the conjecture. In Guatemala – Cement II, the Panel noted that only the sufficient evidence of the

dumping, the injury and the causation is not enough. The investigating agency should have satisfied itself of the accuracy and the adequacy of the evidence.

- b. The petition is based on the suppression and the misrepresentation of the facts, and the Authority did not satisfy itself of the prima facie case by examining the adequacy and the accuracy of the petition.

F.2. Views of the domestic industry

33. The submissions of the domestic industry with regard to other issues are as following:
 - a. Contrary to the submissions by the other interested parties, the Authority prima facie satisfied itself of the dumping, the injury and the causal link as stated in the initiation notification. The interested parties have not highlighted any instance of misrepresentation by the applicant.
 - b. Contrary to the claims of the interested parties, only the prima facie evidence is required at the stage of initiation as was held by the High Court in Rajasthan in Textile Mills Association V. Dir. General of Anti-Dumping and by the Tribunal in Huawei Technologies Co. Ltd. V. Designated Authority and The Automotive Tyre Manufacturer's Association V. Designated Authority.

F.3. Examination by the Authority

34. The Authority notes that the applicant has provided a duly substantiated application, based on which the present investigation was initiated. The present investigation was initiated by the Authority based on the data/information provided by the domestic industry and prima facie satisfying itself that there is sufficient evidence of the dumping, the injury and the causal link. Further, subsequent to the initiation, the information has been sought from the applicant to the extent deemed necessary and the same has been provided by the applicant.

G. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

G.1. Views of the other interested parties

35. The submissions made by the other interested parties are as follows:
 - a. China PR cannot be treated as a non-market economy as the practice of treating it as a non-market economy expired on 11th December, 2016.
 - b. The Indian authority should not use the surrogate country methodology in calculating the normal value for this case, regardless of not treating China PR as a market economy country.
 - c. The Appellate Body report in the Fastener case against EU has provided strong justification that China PR should automatically obtain the market-economy status.
 - d. Following the principles of "pacta sunt servanda", India is obligated under the international law to recognize China PR as a market economy. Article 15 of China's

accession protocol clearly establishes that no country can treat China PR as a non-market economy post 11th December, 2016. India does not have a legal basis to do otherwise.

- e. Until recently, the US and the European Union also shared the understanding that China PR would be treated as a market economy after expiry of 15 years of the Protocol.
- f. The European Union cannot be compared with China PR in terms of the level of economic development and the market conditions for the determination of the normal value. The types of decor paper in both the markets, their price and the quality must be compared. As per *Kuitun Jinjiang Chemical Industry Co. Ltd V. Designated Authority*, the level of the economic development of the market economy third country is relevant where the normal value is determined based on the price paid or payable in such country.
- g. The European Union is not an appropriate third country for the determination of the normal value as its manufacturing, labour, compliance cost, and per-capita GDP are much higher than that in China PR.
- h. The Rule clearly states that while choosing the appropriate market economy, the level of development shall be considered. If the same is disregarded, it would be inconsistent with the decision in *Ku. Sonia Bhatia V. state of UP and Others*, wherein it was held that every single word used by the legislature should be given importance.
- i. The Court of Justice of European Union, in *Grunwald Logistik Service GmbH v Hauptzollamt Hamburg-Stadt*, held that the market economy should be considered as one wherein price of the product is formed in the circumstances similar to those in the country of export.
- j. The imports from the European Union to India are less than the imports from China PR.
- k. The domestic industry has not explained how the PCNs exported from the European Union are comparable to the PCNs exported from China PR.
- l. The prices of the imports from European Union are higher than the non-injurious price of the domestic industry, and the cost of production in the European Union is higher.
- m. The European Union provides the high range of shades and colors than the Chinese producers.
- n. The normal value may be constructed based on the following parameters:
 - i. Raw material consumption norm to construct the cost.
 - ii. International price of the raw material may be considered.
 - iii. Utilities cost may be worked out based on the prices in China PR.
 - iv. Interest rate prevailing in the international market including China PR may be considered.
- o. As per Paragraph 7 of Annexure I, the constructed normal value to be considered is the price from the third country to the other countries, including India and not just the export price to a single country. Hence, an average export price from a third country should be considered.

- p. The applicant during the oral hearing tried to change the methodology for the determination of the normal value from the price in the third country to the price from the third country to the other countries including India. Such a change should not be allowed without giving notice to the interested parties and seeking their comments.
- q. The determination of the normal value for the subject country contravenes Section 9(1)(c) and Annexure 1 of Anti-Dumping Rules and the adjustment made in respect of the export price is abnormally high. The Authority needed to consider such shortcoming in evidence before initiating the investigation.
- r. The data presented in the petition for the adjustment of the net export price is mere unsubstantiated assertion and could not be relied upon for the initiation. The petitioner has inflated the normal value and deflated the export price, which does not constitute the sufficient evidence to ascertain the dumping.
- s. The domestic industry has not explained how the PCNs exported by the European Union to India are comparable to the PCNs exported by China PR to India.

G.2. Views of the domestic industry

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

- a. China PR should be treated as a non-market economy in accordance with Article 15(a)(i) of China's Accession Protocol and the normal value should be determined in terms of Annexure I, Rule 7 of the Rules.
- b. On 11th December, 2016, only the provisions of Article 15(a)(ii) of China's Accession Protocol expired but that of Article 15(a)(i) continue to remain in force, which require the producers to show that they are operating under the market economy conditions. The Authority has considered China PR as a non-market economy in all the recent investigations unless the exporters / producers demonstrate that they are operating under the market economy conditions.
- c. In EC-Fasteners, the issue before the Appellate Body was not specifically, whether the entire provisions of Article 15(a) or only Article 15(a)(ii) shall lapse on the expiry of 15 years and thus, reliance thereupon is not appropriate. Therefore, China PR has failed its obligation to remove the distortions and allow the price to be set by the market.
- d. Other WTO countries including the US and the European Union also treat China PR as a non-market economy.
- e. Contrary to the claims of the interested parties, the normal value is consistent with the provisions of para 7, Annexure-I of the Rules.
- f. Since no exporter has filed for a market economy status, they should be treated as operating in a non-market economy. The normal value should be determined based on the imports of European Union into India as European Union has the second largest production and consumption of the subject goods after China PR.
- g. The interested parties have not explained the reason behind the contention that the surrogate country methodology should not be used. The law provides precedence to the surrogate country methodology.

- h. Regarding the contention that Annexure I Para 7 does not mention one country but other countries and price in India could have been considered if “or” was mentioned, it is submitted that Section 9A(1)(c) provides a mandate for the Authority by using the words “shall be”. However, no such mandate is given under Para 7 of Annexure-I. All the methods specified under it refer to only one country. If the price of the export from such country to the other countries is interpreted in a way to include all countries, it will become a huge exercise for the Authority. In any case, the price of the imports from the European Union is actually the price paid in India.
- i. The contention of the interested parties that the European Union should not be selected as a surrogate country due to the level of the development is incorrect as the level of development is irrelevant in case of the exports from a market economy country to India and only becomes relevant while computing the normal value based on the process in the surrogate country as held by the Tribunal in Kuitun Jinjiang Chemical Industry Company V. Designated Authority. Only the volume of the exports and whether the country is dumping during the period of investigation is relevant.
- j. On the contention that all the words used by the legislature should be given importance, it is submitted that the Tribunal has held that the level of the development is relevant when determining the price prevailing in the market economy third country, but the applicant has claimed the normal value based on the price of the exports from the European Union to India.
- k. Regarding the contention that the costs are higher in the European Union and the export price is higher than the non-injurious price, it is submitted that the cost in a market economy will be higher than that in a non-market economy. There is no relevance of comparing the non-injurious price and the costs of the exporters as no consumer purchases on cost + profits basis. In any case, if the normal value is higher than the non-injurious price, the duty will be restricted to the injury margin levels.
- l. With regard to the comparability of shades and colours, the Authority has undertaken a PCN-wise analysis wherein the PCNs were decided after taking comments from the interested parties.
- m. Regarding the contention that the imports from the European Union are 10% of the total imports and are priced higher, it is submitted that the European Union is the second largest producer of the subject goods after China PR and the volume of imports from the European Union is enough to determine the normal value. The price difference does not suggest non-comparability as in most of the cases the price of the imports from a surrogate country is higher or lower than that from the subject country.
- n. In the absence of the information with regard to the prices in the European Union, the applicant has determined the normal value on the basis of the price of the exports from the European Union to India. Alternatively, the normal value has been provided on the basis of the price payable in India.

- o. Regarding the contention of the interested parties that the European Union should not be considered as a surrogate country and reliance is placed on the European Court decision, it is submitted that the Tribunal has decided the issue and the decision by the European Court cannot take precedence over it.
- p. The contention of the interested parties that the applicant tried to change the methodology for the determination of the normal value during the oral hearing is incorrect as the applicant has stated in the petition that the normal value should be constructed based on the price of the exports from the European Union to India.
- q. Contrary to the claims of the interested parties, the normal value cannot be constructed based on the price payable in India as the applicant has provided the evidence of the prices of exports from the European Union to India.
- r. Even if the Authority decides to construct the normal value, the cost of utilities and the interest rates in China PR cannot be considered as the same are distorted and the exporters have failed to demonstrate that they are operating in the market economy conditions.
- s. The export price has been derived on the basis of the import data collected from DGCI&S and the adjustments have been made for ocean freight, marine insurance, commission, bank charges, port expenses and inland freight expenses to derive the net export price.
- t. The adjustments for the export price are as per the consistent practice of the Authority.
- u. Xianhe is a producer of decorative base paper as mentioned on its website. However, it has not provided the information as a producer but only as an exporter.
- v. Xianhe has stated that it produces the specialty paper. The product under consideration is also a specialty paper and a clarification is required on how the product produced by the company is different from the subject goods.
- w. Xianhe has stated that it does not have a joint venture. However, Kingdecor is a joint venture of Xianhe and Schattdecor AG.
- x. Kingdecor has a related entity in India, namely, Shah International, which is dealing in the subject goods produced by the company. If Shah International is an importer of the goods produced by Kingdecor, Part IV of the questionnaire was required to be filed. In case Shah International has acted as a sales office, the details of the selling and the distribution costs incurred by it need to be quantified and adjusted in the export price.
- y. In the anti-dumping investigation concerning imports of Non-Woven Fabric, originating in or exported from Malaysia, Indonesia, Thailand, Saudi Arabia and China PR [No. 14/23/2015-DGAD], the Authority rejected the response of one of the exporters, for the reason that it had failed to disclose the existence of its office in India. Therefore, it is evident that the selling and the general and administrative expenses of the sales office in India are also required to be reduced in order to arrive at the net export price.
- z. Xianhe has stated in its response that there are no joint ventures with any other company concerning research and development, production, sales, licensing,

technical and patent agreement for the product under consideration. However, its subsidiary Kingdecor (Zhejiang) Co., Ltd. ("Kingdecor") is a joint venture with Schattdecor AG.

- aa. The Authority, in its past findings in the anti-subsidy investigations concerning imports from China PR, has consistently found that the producers in China PR benefit from access to preferential lending and utilities, including water and electricity, at less than adequate remuneration. Therefore, such rates cannot be considered for the determination of the normal value.
- bb. The comparison of the non-injurious price and the cost of the exporters is irrelevant, as no importer/consumer pays the price to the exporters depending upon the cost of the exporter.
- cc. There is no law that the normal value cannot be higher than the non-injurious price. Even if the normal value is higher than the non-injurious price, the duty would be restricted to the injury margin.
- dd. The imports from the European Union account for 10% of the total imports. These imports are more than 5% of the volume of imports from China PR and, therefore, sufficient for the determination of the normal value.

G.3. Examination by the Authority

37. 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 WTO 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 provisions 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."

38. It is noted that while the provisions contained in Article 15 (a)(ii) have expired on 11th December, 2016, the provisions 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 the information substantiating that they are operating under the market economy conditions, the normal value is required to be determined as per the provisions of para 7 of Annexure I of the Rules.

Determination of the Normal Value

39. The Authority notes that none of the producers/exporters from China PR has filed the supplementary questionnaire response to rebut the presumptions as mentioned in para 8 of Annexure – I of the Rules. Under these circumstances, the Authority has to proceed in accordance with para 7 of Annexure – I of the Rules which reads as under:

"In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or

where it is not possible, or 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 selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

40. The Authority notes that while the applicant has claimed that the European Union should be considered as a market economy third country, neither the applicant nor the other interested parties have provided any information and evidence to enable determination of the normal value on the basis of the price or the constructed value in the market economy third country. The Authority accordingly examined whether the normal value can be determined based on the price of the exports from such a third country, to other countries, including India. In this regard, it is noted that while the data with regard to the exports under the concerned tariff codes is available, and further even though the DGCI&S data allows identification of the imports of the product under consideration from the European Union to India, the Authority has adopted a PCN system in order to ensure fair comparison between the normal value and the export price on the basis of the GSM, colour and application. The descriptions of the import transactions from the European Union do not permit the identification of the PCNs in all cases on the basis of the GSM, colour and application. Therefore, in the absence of accurate identification of PCN-wise information, the normal value cannot be determined based on the imports from the European Union to the other countries, including India.

41. In view of the above, the normal value for the product under consideration imported from China PR into India is determined “on other reasonable basis”. The cost of production as optimized for the domestic industry after reasonable additions for the selling, general & administrative expenses and the reasonable profit margin has been considered. Accordingly, the normal value has been constructed for all the producers and the exporters in China PR for the product under consideration during the POI and the same is given in the dumping margin table below.

Determination of the Export Price

42. The followings producers / exporters from China PR have filed responses to Exporters' Questionnaire:

- i. Kingdecor (Zhejiang) Co., Ltd.
- ii. Xianhe Co., Ltd.

- iii. Zhejiang Xianhe New Materials Sales Co., Ltd.
- iv. Shandong Boxing Ouhua Special Paper Co., Ltd.
- v. Zibo OU-MU Special Paper Co., Ltd.
- vi. Qifeng New Material Ltd., China PR

Export price for Kingdecor (Zhejiang) Co., Ltd., Xianhe Co., Ltd. and Zhejiang Xianhe New Materials Sales Co., Ltd.

Export Price

43. Kingdecor (Zhejiang) Co., Ltd., is a limited liability Company (a joint venture enterprise). The legal statute of Kingdecor has not changed in the last three years. During the POI, Kingdecor (Zhejiang) Co., Ltd., has directly exported *** MT of the PUC to India and *** MT through two different related traders, namely, Xianhe Co., Ltd. and Zhejiang Xianhe New Materials Sales Co., Ltd., China PR.
44. Kingdecor (Zhejiang) Co., Ltd. has claimed the adjustments on account of ocean freight, insurance, inland transportation, port and other related expenses, credit cost and bank charges. Accordingly, the net export price at ex-factory level for Kingdecor (Zhejiang) Co., Ltd. has been determined and same is shown in dumping margin table below.

Export price for Shandong Boxing Ouhua Special Paper Co., Ltd., Zibo OU-MU Special Paper Co., Ltd. and Qifeng New Material Ltd.

45. M/s Shandong Boxing Ouhua Special Paper Co., Ltd. (“Ouhua”), M/s Zibo OU-MU Special Paper Co., Ltd. (“Oumu”) and M/s Qifeng New Material Ltd. (“Qifeng”) are limited liability companies by shares under the Company Law of China PR.
46. Ouhua and Oumu are related producers of the subject goods in China PR. Oumu has exported the subject goods directly to unrelated Indian customers and Ouhua has exported the subject goods to the unrelated Indian customers through Oumu and Qifeng. Oumu and Qifeng have given PCN wise details of the exports of the subject goods to India. All the three companies had provided all the relevant information in requisite formats.
47. It is noted that during the POI, Oumu has exported *** MT of self-produced subject goods and *** MT of subject goods produced by Ouhua to unrelated customer in India. Qifeng has exported *** MT of the subject goods produced by Ouhua to unrelated customer in India. Oumu and Qifeng have claimed adjustments on accounts of ocean freight, insurance, inland transportation, port and other related expenses, bank charges and credit cost, which have been allowed by the Authority. Ouhua has invoiced subject goods to Oumu and Qifeng at ex-work basis. The Authority has

verified the PCN wise details of the exports given in the questionnaire response filed by producers/exporters. The weighted average PCN wise ex-factory export price as determined is given in the dumping margin table.

For all other producers/exporters from China PR

48. The export price for all other producers and exporters, that have not participated in the present investigation, has been determined as per facts available. The same has been mentioned in the dumping margin table.

Dumping Margin

49. The normal value, export price and dumping margin determined in the present investigation are as follows:-

Dumping Margin Table

SN	Producer/Exporter	PCN	Normal Value (RS/MT)	Export Price (RS/MT)	Dumping Margin (RS/MT)	Dumping Margin (US\$/MT)	Dumping Margin (%)	Dumping Margin (Range)
	China PR							
1)	Kingdecor (Zhejiang) Co., Ltd.	1C2	***	***	***	***	***	30-40
		2C1	***	***	(***)	(***)	(***)	(0-10)
		2C2	***	***	***	***	***	30-40
		2U1	***	***	***	***	***	10-20
		2U2	***	***	***	***	***	0-10
		3C1	***	***	***	***	***	10-20
		3C2	***	***	***	***	***	0-10
		3U1	***	***	(***)	(***)	(***)	(0 – 10)
		3U2	***	***	***	***	***	0-10
	Total Weighted Average		***	***	***	***	***	0-10
2)	Shandong Boxing Ouhua Special Paper Co., Ltd.	3C1	***	***	(***)	(***)	(***)	(0-10)
3)	Zibo OU-MU Special Paper Co., Ltd.	2C1	***	***	***	***	***	0-10
		2U1	***	***	***	***	***	10-20

		3C1	***	***	(***)	(***)	(***)	(20-30)
		3U1	***	***	***	***	***	0-10
	Total Weighted Average (Shandong Boxing Ouhua Special Paper Co., Ltd. and Zibo OU-MU Special Paper Co., Ltd.)		***	***	***	***	***	0-10
4)	Non-cooperative/ residual exporters		***	***	***	***	***	30-40

H. ASSESSMENT OF THE INJURY AND THE CAUSAL LINK

H.1. Views of the other interested parties

50. The submissions made by the other interested parties with regard to the injury and the causal link are as follows:

- a. Both the demand and the subject imports have increased over the injury period. The subject imports have increased due to shutdown of the plant and inability of the domestic industry to meet the demand-supply gap even after the capacity expansion.
- b. The applicant has misled the Authority as it submitted in the oral hearing that there is no volume injury but, in the petition, claimed volume injury.
- c. The landed value has increased over the injury period and the decline in the period of investigation is in line with the general cost and the price trends as can be seen from the data of the domestic industry.
- d. The overall price undercutting was negative.
- e. The claim of the domestic industry of the price undercutting based on few product types is unsubstantiated.
- f. The domestic industry has provided manipulated data based on the secondary source, i.e., the data that the industry maintains, which has been kept confidential in order to show a positive price undercutting.
- g. This is zeroing of only those types which demonstrate price undercutting and is not allowed under the anti-dumping laws.
- h. The petitioner has leeway to increase the price, but it is not able to do so because of its inability to sell better grade paper due to not having the capacity, the quality of the paper, the problem of the shade variation, pulp variation, pin holes, black spot, incapability to make smaller batches, etc.
- i. As held by the Panel in China – Definitive Anti-Dumping Duties on X-Ray Security Inspection Equipment from the European Union, in case of the negative price undercutting, the suppression or the depression cannot be attributed to the imports in

- the absence of cogent reasons explaining why the domestic industry could not increase its prices at least to the level of the dumped imports.
- j. The information provided in the petition with regard to the price undercutting is insufficient as the product types considered for price undercutting are not as per PCNs prescribed. DGCI&S data has not been considered for determining the price undercutting of such types and no reason for considering the secondary data has been provided.
 - k. Both the cost of sales and the selling price of the domestic industry have decreased during the period of investigation as compared to the preceding years. The cost of production is impacted due to the capital expenditure on the additional capacity and the same should be segregated in order to arrive at the real cost of the production in the normal situation. Such cost of production will show that there is no price suppression or depression.
 - l. The capacity, the capacity utilization, the sales and the production of the domestic industry have increased over the injury period. The domestic industry is operating at optimum utilization post expansion. The capacity utilization has not declined even though the capacity had more than doubled in 2018-19.
 - m. The rate of increase in the market share of the domestic industry is higher than the rate of increase in the market share of the subject imports.
 - n. The domestic industry is selling its entire production and no additional market share is possible without the requisite capacity.
 - o. Though the inventories of the domestic industry have increased, the inventory should be analysed in terms of percentage of the production and the sales. It should be evaluated in light with increase in the capacity.
 - p. The inventories declined as a number of days of the production and the sales. In *Bridge Stone Tyre Manufacturing (Thailand) V. Designated Authority*, the CESTAT held that compared to the increase in the sales volume, the level of inventory has remained same percentage-wise and cannot be considered as an injury indicator.
 - q. The productivity, employment and wages have increased during the injury period. The productivity per day was highest during the period of investigation.
 - r. The cash profit of the domestic industry increased during the injury period.
 - s. The increase in the depreciation and amortization expenses shows an abnormal trend as it increased more than the increase in the installed capacity.
 - t. The increase in the average capital employed is disproportionate to the increase in the installed capacity.
 - u. Due to the positive parameters, the imports have not impacted the ability of the domestic industry to raise the capital investments.
 - v. As held in *Thailand – H-Beams*, the Authority is required to evaluate all the factors before concluding the injury. In case of a positive movement of a number of factors, a compelling explanation would be required as to how the domestic industry is injured.
 - w. A return of 22% on the capital employed should not be considered as the rate of 22% was considered based on Price Control Order of 1976-77, which was for a different purpose. The same should not be applied to the present case, without reference to

context; the interest rates have declined since that period. Actual depreciation over the life of 20 years and the interest actually incurred should be considered.

- x. In the case of Bridge Stone Tire Manufacturing & others v. Designated Authority, it was held that the consideration of a high return at 22% results in an inflated non-injurious price. In the case of European Fertilizer Manufacturer's Association v. Council, it was held that the target price must be limited to the profit margin which the Company could reasonably count on in the normal conditions in the absence of the dumped imports.
- y. The applicant has not demonstrated the potential decline in the petition, as is required to be examined under Article 3.4.
- z. The injury to the applicant is due to the massive investment made for the capacity expansion. The applicant has not isolated the huge capital cost borne by it from the cost of production. Had the domestic industry not increased the capacity so frequently, it would have operated at optimum level.
- aa. 80% petitions filed in front of the Authority are where the domestic industry has enhanced its capacity and the injury is due to the capacity expansion.
- bb. ITC invested heavily in the capacity expansion immediately before the period of investigation and has the plans to invest more till 2025. It cannot be said that injury has been caused to any industry which is capable of investing such huge amounts.
- cc. The decline in any economic parameter is because of the increase in the capacity and not due to the subject imports as total PBIT and PBIT per unit have improved after shutdown. It remained low in 2018-19 and the period of investigation due to the increase in the capital and the fixed cost. Lower profitability and the increase in the cost of sales since 2017-18 are due to the plant shut down and the capacity expansion which led to the higher depreciation cost. The cash profits, which do not include depreciation, have improved.
- dd. The applicant was not able to command higher price due to the with the quality of the paper, the shade, etc.
- ee. The annual reports of ITC for 2019 and 2020 show positive parameters and the prospects and do not state any injury due to the dumping.
- ff. In a public statement, ITC mentioned that it will further invest in decor paper and did not allege any problem due to the dumping but blamed the covid pandemic.
- gg. The non-injurious price of the domestic industry is inflated by assuming a 26% return on all capital employed, which is unnecessarily high.
- hh. The volume of the exports by Zibo OU-MU Special Paper Co., Ltd., Shandong Boxing Ouhua Special Paper Co., Ltd. and Qifeng New Material Ltd. declined during the period of investigation and is insignificant to the total volume from China PR. The average price and the landed value of such exports is higher than that of the exports from China PR. There will be no dumping margin and the injury margin based on the average prices of the said exporters. The subject imports should be evaluated based on the increase in the demand and the available capacity of the domestic industry. The subject imports have increased due to the shutdown of the plant and the inability of the domestic industry to meet the demand-supply gap even after the capacity expansion.

H.2. Views of the domestic industry

51. The following submissions have been made by the domestic industry with regard to the injury and the causal link:-
- a. The plant of the applicant was shut down for a few months in 2017-18 as the applicant was upgrading its plant and machinery and the effect of such shutdown has been adjusted. However, the parameters for 2017-18 may not be comparable with the other years.
 - b. The volume of the subject imports has increased in the absolute and relative terms and commands majority of the imports in India.
 - c. Contrary to the claims of the interested parties, the imports have not increased just because of the demand-supply gap. This is evident from the fact that the volume of imports in excess of the demand-supply gap has increased over the period. The increase in the imports is more than the increase in the demand-supply gap.
 - d. The share of the subject imports in the total imports has increased over the injury period.
 - e. Although the price undercutting on average basis is negative, it is positive for the three product types, constituting a major share of the imports from the subject country and the sales of the domestic industry.
 - f. The price undercutting had been determined for three types of products under consideration which constitute a major share of the imports and of the sales of the domestic industry at the time of filing of the petition due to the non-availability of the PCNs at that stage.
 - g. Regarding the contention that the reason for considering the secondary data has not been disclosed, it is submitted that the same was used as the product description in the DGCI&S data did not allow identification of the product type.
 - h. The PCN wise undercutting should be determined according to the responses filed by the interested parties as they account for the major exports to India and the PCNs cannot be accurately determined from the DGCI&S data. PCN-wise undercutting is positive.
 - i. The contention of the interested parties that zeroing is not permissible is contrary to the legal position. The Panel in European Communities – Anti-Dumping Duty on Malleable Cast Iron Tubes and Pipes from Brazil held that the undercutting may be determined on the transaction-wise basis and only on the basis of such imports that were undercutting the prices of the domestic industry. The Authority may undertake sampling for the determination of the price undercutting.
 - j. Contrary to the claims of the interested parties, the subject imports have suppressed the prices of the domestic industry as the mark-up of the import price over raw material cost has declined over the period. The raw material cost has increased much more than the increase in the selling price.

- k. The subject imports had a suppressing and depressing effect on the prices of the domestic industry.
- l. Although the capacity, the production and the sales of the domestic industry have increased, the sales have not increased commensurate to the increase in the capacity.
- m. Even after selling at lower profits, the market share of the domestic industry has declined and that of the subject imports has increased.
- n. The inventories of the domestic industry have increased over the injury period.
- o. Contrary to the claims of the interested parties, the inventory as a number of days of the production or the sale has increased during the period of investigation.
- p. The profitability, the cash profits and the return on investment of the domestic industry have declined over the injury period. The applicant has earned negligible return on the investment in the period of investigation.
- q. With regard to the increase in cash profits, it is submitted that the same increased due to increase in the sales. However, it has increased much less than increase in the volume of the sales. Cash profits declined in the period of investigation as compared to the previous year. Cash profit per unit has declined over the injury period.
- r. The profits of the domestic industry have declined more than the increase in the depreciation cost.
- s. Contrary to the submissions of the interested parties, the injury cannot be attributed to the capacity expansion as it was undertaken in 2017-18 and was fully operational in 2018-19 and 2019-20. The performance of domestic industry was worse in 2019-20 as compared to 2018-19.
- t. On the contention that the capital expansion shows the lack of injury, it is submitted that the capacity expansion was undertaken in 2017-18 when the domestic industry was not suffering injury and the capacities were fully operational by 2018-19.
- u. The reference to the statement by ITC that it will invest more and is suffering due to COVID-19, it is submitted that the context of the statement showed that the applicant will invest more if the imports decline. The injury is not examined with relation to the statements made in the public domain but according to the data furnished. The reference to COVID-19 is irrelevant as the period of investigation is pre-covid period in the present investigation.
- v. The comparison between the increase in the depreciation and the capital employed cannot be made with the capacity as the former is expressed in rupees while the latter is expressed as weight.
- w. The domestic industry has suffered injury in terms of EBIDTA (Earnings before interest, depreciation, taxes and amortization) which neutralizes the impact of the increased depreciation cost.
- x. Contrary to the claims of the interested parties, the cost of the domestic industry is not inflated due to the capital expenditure. As such the cost is not added to the cost of production but capitalized. The injury to the domestic industry is due to the subject imports as the EBIDTA of the domestic industry has declined.

- y. The domestic industry has considered a 22% return on capital employed and not a 26% return. Contrary to the claims of the interested parties, the Tribunal has in a plethora of decisions consistently taken the view that unless the interested parties demonstrate the need for considering a different return, a return of 22% shall be allowed. Reference to Bridge Stone Tyre Manufacturing Vs. Designated Authority is not appropriate as in that case the interested parties brought evidence to demonstrate that the global returns for the product were less than 22%.
- z. The injury has not been caused due to any known factor but only due to the subject imports.
- aa. On the contention that the volume of imports by the participating exporters has declined and there will be no dumping margin and the injury margin, it is submitted that the Authority should verify the imports from DG Systems data as there is strong possibility of manipulating descriptions and the PCN. The injury analysis is undertaken for the subject country as a whole and not for the individual exporters.
- bb. There is no need to examine the potential decline as the applicant has already shown the actual decline in the performance and the subject goods are not sold under the long-term contracts.
- cc. The contention of the interested parties that the applicant is unable to supply quality decor paper to them is without merit. Had this been the case, the applicant would not have been able to sell the subject goods. However, it has operated at high capacity utilization levels during the injury period. Its sales volume has increased in the case of both laminators and printers. CPPRI (Central Pulp & Paper Research Institute) report and inhouse laboratory report of the applicant shows that the quality of subject goods produced by the applicant is comparable to that imported from China PR. Further, it has invested in machinery which enables it to produce best in class product quality and the same products are widely accepted by the printers and the laminators. The applicant has supplied substantial volumes of the main grades of decor paper and has the market leadership in some grades.
- dd. The sales of the applicant to the interested parties have increased over the injury period which shows that they are not facing any quality issues.
- ee. The contention that the Annual Reports of the applicant show positive parameter is misplaced as the applicant is a multi-product company and the sales of the product under consideration constitute only a small part of its business. The applicant has filed segregated information related to the product under consideration which shows the injury.

H.3. Examination by the Authority

H.3.1. Shutdown of the plant of the applicant

52. It is noted that the plant of the applicant was closed for seven months during 2017-18. The applicant has submitted that the plant shutdown was of abnormal nature as the

same was done for upgradation of the plant and the machinery. To segregate the injury caused to the domestic industry due to such closure, the Authority has considered the adjusted information as submitted by the applicant after the due verification. Accordingly, the Authority has analyzed both the actual and the adjusted figures in order to evaluate the effect of the subject imports on the performance of the domestic industry.

H.3.2. Assessment of demand / apparent consumption

53. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product under consideration in India as the sum of the domestic sales of the domestic industry and the other Indian producers and the imports from all sources. The demand so assessed is given in the table below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Domestic industry	MT	***	***	***	***	***
Trend	Indexed	100	60	112	188	209
Other producers	MT	***	***	***	***	***
Trend	Indexed	100	92	92	108	91
Subject imports	MT	10,355	27,645	23,817	28,618	36,552
Other imports	MT	3,473	4,188	3,608	3,898	3,741
Demand	MT	28,832	42,880	42,880	55,520	63,905
Trend	Indexed	100	149	149	193	222

54. It is seen that the demand for the subject goods has increased throughout the injury period.

H.3.3. Volume effect of the dumped imports

55. With regard to the volume effect of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of the injury analysis, the Authority has relied on the transaction wise import data procured from the DGCI&S. The import volumes of the subject goods from the subject country and the share of the dumped imports during the injury investigation period are as below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Subject imports	MT	10,355	27,645	23,817	28,618	36,552
Other imports	MT	3,473	4,188	3,608	3,898	3,741
Total	MT	13,828	31,833	27,425	32,517	40,293

Imports in relation to						
Domestic production	%	70	276	165	121	149
Consumption	%	36	64	56	52	57
Total Imports	%	75	87	87	88	91

56. It is seen that:

- The volume of the subject imports has increased throughout the injury period.
- The subject imports increased in relative terms in 2017-18, when the plant of the domestic industry faced a shutdown.
- The share of the subject imports in total imports has increased over the injury period.

H.3.4 Price effect of the dumped imports

57. In terms of Annexure II (ii) of the Rules, with regard to the effect of the dumped imports on the prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree.

a) Price undercutting

58. The price undercutting has been assessed by comparing the landed price of the imports with the domestic selling price in India of the subject goods. In this regard, a comparison has been made between the landed value of the product and the average selling price of the domestic industry, net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex-factory level. In order to ensure a fair comparison, the Authority has calculated the PCN-wise price undercutting which is as under. It is seen that when the PCN-wise landed price of the imports and the net sales realization are compared, the price undercutting is positive in some PCNs. As the Authority received 80 % of the exporter's response, the PCN wise landed price has been derived from the questionnaire responses of the participating exporters.

POI

S.NO	PCN No.	Net sales realization (Rs/Kg)	Landed price (Rs/Kg)	Price undercutting (Rs/Kg)	Price undercutting (%)	Price undercutting (Range)
1)	1C2	***	***	***	***	0-10
2)	2C1	***	***	***	***	20-30
3)	2C2	***	***	***	***	0-10

4)	2U1	***	***	***	***	0-10
5)	2U2	***	***	(***)	(***)	(0-10)
6)	3C1	***	***	(***)	(***)	(0-10)
7)	3C2	***	***	***	***	0-10
8)	3U1	***	***	(***)	(***)	(0-10)
9)	3U2	***	***	***	***	0-10

b) Price suppression/depression

59. In order to determine whether the dumped imports are depressing the domestic prices and whether the effect of such imports is to suppress the prices to a significant degree or prevent the price increase which otherwise would have occurred in the normal course, the changes in the costs and prices over the injury period were compared as below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Cost of sales	Rs./MT	***	***	***	***	***
Trend	Indexed	100	119	109	116	115
Raw material cost	Rs./MT	***	***	***	***	***
Trend	Indexed	100	137	137	120	113
Selling price	Rs./MT	***	***	***	***	***
Trend	Indexed	100	102	102	109	105
Landed price	Rs./MT	1,28,861	1,36,073	1,36,073	1,39,077	1,28,817
Trend	Indexed	100	106	106	108	100

60. It is seen that the cost of sales and the raw material cost increased in 2017-18, but declined thereafter. However, both the selling price and the landed price have increased till 2018-19 but declined in the period of investigation. Over the period, the raw material cost of the domestic industry has increased and the cost of sales has increased by 15% from the base year. By comparison, the selling price of the subject goods has increased by only 5%, while the landed price has decreased. Thus, it can be concluded that the imports are suppressing the prices of the domestic industry.

H.3.5 Economic parameters of the domestic industry

61. Annexure II to the Anti-Dumping Rules requires that the determination of the injury shall involve an objective examination of the consequent impact of the dumped imports on the domestic producers of such products. With regard to the consequent impact of the dumped imports on the domestic producers of such products, the Rules further provide that the examination of the impact of the dumped imports on the

domestic industry should include an objective and unbiased evaluation of all the relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in the sales, profits, output, market share, productivity, return on capital employed or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; the actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. The various injury parameters relating to the domestic industry are discussed hereinbelow.

a) Production, capacity, capacity utilization and sales volumes

62. The capacity, production, sales and capacity utilization of the domestic industry over the injury period were as below:

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Capacity	MT	***	***	***	***	***
Trend	Indexed	100	52	109	226	226
Production	MT	***	***	***	***	***
Trend	Indexed	100	48	101	199	219
Capacity utilization	%	***	***	***	***	***
Trend	Indexed	100	93	93	88	97
Domestic sales	MT	***	***	***	***	***
Trend	Indexed	100	60	112	188	209
Export sales	MT	-	-	-	-	***
Trend	Indexed	-	-	-	-	100

63. The Authority notes that the capacity of the domestic industry has increased over the period, due to which the production and the domestic sales have also increased. The capacity utilization of the domestic industry declined till 2018-19 but increased during the period of investigation. Nevertheless, the capacity utilization of the domestic industry remained lower than that at the beginning of the injury period.

b) Market share

64. The market share of the domestic industry and of the imports was as shown in table below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Subject imports	%	***	***	***	***	***
Trend	Indexed	100	180	155	144	159
Other imports	%	***	***	***	***	***
Trend	Indexed	100	81	70	58	49
Domestic industry	%	***	***	***	***	***
Trend	Indexed	100	40	75	98	94
Other producers	%	***	***	***	***	***

Trend	Indexed	100	62	62	56	41
Total	%	100%	100%	100%	100%	100%

65. It is seen that the market share of the domestic industry has marginally reduced during the period of investigation. The market share of the Indian producers as a whole has reduced significantly in the POI, while the market share of the subject imports has increased.

c) Inventories

66. The inventory position of the domestic industry over the injury period is given in the table below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Opening inventory	MT	***	***	***	***	***
Trend	Indexed	100	87	87	33	104
Closing inventory	MT	***	***	***	***	***
Trend	Indexed	100	38	38	120	194
Average inventory	MT	***	***	***	***	***
Trend	Indexed	100	64	64	73	146

67. It is seen that the average inventories with the domestic industry increased over the injury period, indicating accumulation of the inventories. The average level of the inventories has shown an increase of 46% in the period of investigation as compared to the base year.

d) Profitability, cash profits and return on capital employed

68. The profitability, the return on investment and the cash profits of the domestic industry over the injury period are given in the table below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Cost of sales	Rs./MT	***	***	***	***	***
Trend	Indexed	100	119	109	116	115
Selling price	Rs./MT	***	***	***	***	***
Trend	Indexed	100	102	102	109	105
Profit/(loss)	Rs./MT	***	(***)	***	***	***
Trend	Indexed	100	(59)	37	39	10
Profits/(loss)	Rs. lakhs	***	(***)	***	***	***
Trend	Indexed	100	(35)	41	74	21
Cash profits	Rs./MT	***	(***)	***	***	***
Trend	Indexed	100	(42)	39	83	53
Cash profits	Rs. lakhs	***	(***)	***	***	***

Trend	Indexed	100	(25)	44	156	111
Return on capital employed	%	***	(***)	***	***	***
Trend	Indexed	100	(11)	13	19	6

69. The Authority notes that the domestic industry suffered losses in 2017-18, when its plant was shut down. However, its profitability improved during 2018-19 but has declined again during the period of investigation. Further, although the total cash profits have increased in the POI in comparison to the base year, the cash profits per unit have decreased. The return on capital employed has registered a significant decline during the injury period and the domestic industry earned negligible returns on the capital employed.

e) Employment, wages and productivity

70. The Authority has examined the information relating to the employment, the wages and the productivity, as given below.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
No of employees	Nos	***	***	***	***	***
Trend	Indexed	100	55	55	126	127
Productivity per day	MT/Day	***	***	***	***	***
Trend	Indexed	100	90	188	160	175
Productivity per employee	MT/Nos	***	***	***	***	***
Trend	Indexed	100	113	100	200	222
Wages	Rs. Lacs	***	***	***	***	***
Trend	Indexed	100	77	77	99	107
Wages per unit	Rs./MT	***	***	***	***	***
Trend	Indexed	100	159	76	50	49

71. It is seen that the number of employees of the domestic industry has increased over the injury period. The productivity of the domestic industry has also increased over the injury period. While the wages have increased over the injury period, the wages per unit have declined.

f) Magnitude of dumping

72. It is noted that the subject goods are being dumped into India and the dumping margin is positive.

g) Growth

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
Capacity	%	-	(48)	9	335	-

Production	%	-	(52)	1	311	10
Domestic sales	%	-	(40)	12	216	11
Profit/(loss) per unit	%	-	(159)	(63)	167	(74)
Cash profit	%	-	(125)	(56)	728	(29)
Return on capital employed	%	-	(111)	(87)	277	(69)

73. It is noted that the capacity, the production and the domestic sales have shown growth over the injury period. All the profitability parameters of the domestic industry showed negative growth. The profitability parameters showed growth in 2018-19 but thereafter declined again in the period of investigation.

h) Ability to raise capital investment

74. It is noted that the profits and the return on the capital employed of the domestic industry have declined in the period of investigation. This shows that the dumped imports have impacted the ability of the domestic industry to raise capital investment for the product under consideration.

i) Factors affecting prices

75. The Authority notes that the landed price of the imports declined over the injury period, and is undercutting the prices of the domestic industry, which has created a strain on the prices of the domestic industry. As a result, while the selling price of the domestic industry has increased over the injury period, such increase is less than the increase in the cost of sales of the domestic industry. Thus, the imports have affected the prices of the domestic industry.

j) Injury Margin

76. The Authority has determined the Non-Injurious Price for the domestic industry on the basis of the principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparing the landed price from the subject country for calculating the injury margin. For determining the non-injurious price, the best utilisation of the raw materials, the utilities and the production capacity by the domestic industry over the injury period have been considered. It is ensured that no extraordinary or non-recurring expenses were charged to the cost of production. A reasonable return (pre-tax @ 22%) on the average capital employed (i.e., average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and is being followed.

77. The landed price for the cooperative exporters has been determined on the basis of the data furnished by the exporters. For all the non-cooperative producers/exporters from

the subject country, the Authority has determined the landed price based on the facts available.

78. Based on the landed price and the non-injurious price determined as above, the injury margin for the producers/exporters has been determined by the Authority and the same is provided in the table below.

Injury Margin Table

SN	Producer/Exporter	PCN	NIP (Rs/MT)	Landed Value (Rs/MT)	Injury Margin (Rs/MT)	Injury Margin (US\$/MT)	Injury Margin (%)	Injury Margin (Range)
		China PR						
1)	Kingdecor (Zhejiang) Co., Ltd.	1C2	***	***	***	***	***	30-40
		2C1	***	***	***	***	***	0-10
		2C2	***	***	***	***	***	30-40
		2U1	***	***	***	***	***	20-30
		2U2	***	***	***	***	***	10-20
		3C1	***	***	***	***	***	20-30
		3C2	***	***	***	***	***	20-30
		3U1	***	***	***	***	***	10-20
		3U2	***	***	***	***	***	10-20
	Total Weighted Average		***	***	***	***	***	10-20
2)	Shandong Boxing Ouhua Special Paper Co., Ltd.	3C1	***	***	(***)	(***)	(***)	(0)-(10)
3)	Zibo OU-MU Special Paper Co., Ltd.	2C1	***	***	***	***	***	10-20
		2U1	***	***	***	***	***	30-40
		3C1	***	***	(***)	(***)	(***)	(0)-(10)
		3U1	***	***	***	***	***	20-30
	Total Weighted Average (Shandong Boxing Ouhua Special Paper Co., Ltd. and Zibo OU-MU Special Paper Co., Ltd.)		***	***	***	***	***	10-20
4)	Non-cooperative/ residual exporters		***	***	***	***	***	50-60

H.3.6 Overall assessment of injury

79. The examination of the imports of the product under consideration and the performance of domestic industry shows that:

- i. The volume of imports has increased both in absolute terms as well as in relation to the production and the consumption in India.
- ii. The imports are undercutting the prices of the domestic industry.
- iii. The imports have prevented the price increase which otherwise would have occurred.
- iv. The production, the sales and the capacity of the domestic industry increased.
- v. The market share of the domestic industry and the Indian industry as a whole has declined while that of the subject imports has increased over the injury period.
- vi. The average level of inventories of the domestic industry has increased over the injury period.
- vii. The profits and the cash profits per unit of the domestic industry have declined over the injury period.
- viii. The return on the capital employed of the domestic industry has declined significantly and the domestic industry is earning only nominal return on the capital employed.
- ix. While the volume parameters of the domestic industry have shown growth, the profitability parameters have shown negative growth.
- x. The imports have impacted the ability of the domestic industry to raise capital investments of the product under consideration.
- xi. The dumping margin is positive and significant.

80. In view of the foregoing, the Authority concludes that the domestic industry has suffered the material injury.

H.3.7 Non-attribution analysis and the casual link

81. Having examined the existence of the injury, the volume and the price effects of the dumped imports on the prices of the domestic industry, the Authority has examined whether injury to the domestic industry can be attributed to any factor other than the dumped imports as listed under the Rules.

a) Volume and value of imports from third countries

82. It is seen that other than the subject country imports, the major imports of the subject goods are from the European Union. However, such imports are priced much more than the price of the subject imports. Further, the price of the imports from the European Union is higher than the selling price of the domestic industry. Other than the subject country and the European Union, the imports from other countries are negligible in volume. Thus, it cannot be said that the imports from the other countries are causing injury.

b) Contraction in demand

83. The Authority notes that there is no contraction in the demand as the demand of the subject goods in the country has consistently grown throughout the injury period. Thus, the domestic industry has not suffered any injury on this account.

c) Pattern of consumption

84. It is noted that there is no change in the pattern of consumption of the subject goods which could have caused injury to the domestic industry.

d) Conditions of competition and trade restrictive practices

85. The Authority notes that the investigation has not shown that conditions of competition or the trade restrictive practices are responsible for the claimed injury to the domestic industry.

e) Developments in technology

86. The Authority notes that the investigation has not shown that there was any significant change in technology which could have caused injury to the domestic industry.

f) Productivity

87. The Authority notes that the productivity of the domestic industry has increased over the injury period. Therefore, the domestic industry has not suffered injury on this account.

g) Export performance of the domestic industry

88. The Authority notes that the domestic industry has exported a small share of its production in the period of investigation. However, the injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry.

h) Performance of other products

89. The Authority has only considered the data relating to the performance of the subject goods. Therefore, the performance of other products produced and sold are not a possible cause of the injury to the domestic industry.

H.3.8 Conclusions on the causal link

90. While other known factors listed under the Rules have not caused injury to the domestic industry, the Authority notes that the following parameters show that injury to the domestic industry is caused by the dumped imports.

- a. There is significant dumping of the subject goods in India.
- b. The volume of dumped imports has increased in absolute terms as well as in relation to the production and the consumption during the period of investigation.

- c. As a result, the market share of the subject imports has increased and that of the domestic industry decreased.
- d. The imports are undercutting the prices of the domestic industry.
- e. The imports have suppressed the prices of the domestic industry by preventing it from increasing its selling price commensurate to the increase in its cost of sales.
- f. The profits and cash profits per unit have declined over the injury period.
- g. The return on capital employed of the domestic industry has declined significantly and the domestic industry is earning only a nominal return on the capital employed.

91. Some of the interested parties have argued that the domestic industry has suffered injury due to the capacity expansion. In this regard, it is noted that the domestic industry completed capacity expansion in 2017-18, post which its performance improved in 2018-19. However, the performance of the domestic industry has declined again during the period of investigation, which cannot be attributed to capacity expansion. Further, the EBIDTA (Earnings before interest, depreciation, taxes and amortization) of the domestic industry, which is not impacted by the increased depreciation or the finance cost, has been adversely impacted as well in the present period. Therefore, the injury suffered cannot be attributed to the capacity expansion.

Particulars	Unit	2016-17	2017-18	2017-18 Adj.	2018-19	POI
EBIDTA (Earnings before interest, depreciation, taxes and amortization)	Rs./MT	***	(***)	***	***	***
Trend	Indexed	100	(42)	39	83	53

92. The Authority, thus, concludes that there exists a causal link between the dumped subject goods and the injury to the domestic industry.

I. POST DISCLOSURE STATEMENT COMMENTS

I.1 Views of the other interested parties

93. The following post-disclosure submissions have been made by the other interested parties:

- a. The Authority should exclude the petitioner from the scope of the domestic industry as it has imported substantial quantity of the product under consideration. The Rule 2(b) does not have any mandate to restrict the examination of the imports made only during the period of investigation.
- b. Since the price undercutting is negative, the injury to the domestic industry cannot be attributed to the dumped imports.

- c. The return on capital employed of the petitioner is not negative. The low profitability of the domestic industry is due to its incapability of taking orders for small batches for colours, as it needs a minimum order quantity of 30 tons as compared to 5 tons for China PR or 1 ton for the European Union.
- d. The disclosure statement does not disclose how the effect of the capital cost/finance cost of the capacity enhancement has been treated for determining the optimized cost of production, which has been adopted for determination of the normal value.
- e. The ex-factory export price for Ouhua has not been determined correctly. Since Oumu and Qifeng are extended arms of Ouhua, no deductions are required to be made for profit and indirect SGA expenses incurred by them for determining the ex-factory export price for the subject goods manufactured by Ouhua.
- f. The anti-dumping duty will be detrimental to the interest of the small-scale users which order in batches of 5 MT or less as the domestic industry has insufficient capacity to service the entire demand and is unwilling to take orders below 30MT.
- g. The PCN wise price undercutting cannot be relied upon unless all the import transactions are accounted for. Merely because the responding parties account for 80% of the total imports into India, it cannot be assumed that they are representative of the PCN wise import trend for the remaining 20% of the imports.
- h. The anti-dumping duty will lead to adverse impact on the users as their profit margins is extremely less. The product under consideration accounts for approximately 6% of the total cost of the production of the finished goods in which it is used. The profit margin for Deco Mica is merely 1.4%, while that for AICA it is merely 8%.
- i. The un-dumped imports should not be considered for the purpose of the volume and the price analysis.
- j. The weighted average price undercutting at the product level and country level has not been disclosed.
- k. The methodology for the determination of the normal value for the product types/PCNs not manufactured by the domestic industry should be disclosed.
- l. The dumping margin determined for PCN 2UI is very high. The constructed normal value determined on the basis of the cost of production of the domestic industry is exaggerated and not reflective of the actual cost of production.

I.2. Views of the domestic industry

94. The following post-disclosure submissions have been made by the domestic industry:
 - a. Shree Krishna Paper Mills & Industries Limited is also suffering injury due to dumping of the subject imports as its production, capacity utilisation and the domestic sales have declined over the injury period.
 - b. The effect of the anti-dumping measures on the public interest must be studied from the perspective of the interests of different set of parties including domestic producers, consumers, upstream and downstream industries and the general public.
 - c. The Indian industry for the product under consideration consists of three producers. In case the dumping is not checked and the injury continues, the petitioner will

have to close its operations which will result in the users being substantially dependent on the imports.

- d. The laminates industry has grown multifold in terms of the exports from Rs. 500 crores in 2012 to Rs. 2,000 crores in 2020. If the anti-dumping duty is imposed and thus the imported PUC is available at fair price, the laminates industry would prefer buying the PUC from the domestic producers. That will strengthen the value chain for the domestic laminates industry.
- e. The domestic industry produces product under consideration of high quality and the consumers can fully trust the indigenously produced product.
- f. While the petitioner has a long term interest in the Indian market as it has been a known name in India since 1910 and is involved in the various markets, the exporters interest is limited to maximizing profits. The exporters will not hesitate to exit a market in case better prices are available to them.
- g. Since the time lag between placing the order and getting the delivery is much more in the case of imports, the users will have to maintain large inventories of the subject goods. This will increase the costs of the users.

I.3. Examination of the Authority

95. The Authority has examined the post disclosure submissions made by the other interested parties and the domestic industry and notes that though most comments are reiterations which have already been examined suitably and addressed adequately in the relevant paras of the findings, the Authority has examined the fresh issues raised by the interested parties.

- a. With regard to the contention that the Authority should exclude the petitioner from the scope of the domestic industry as it has imported substantial quantity of the product under consideration, it is noted that petitioner has imported the product under consideration in 2017-18 only upto 7% of the total imports in that year. However, no imports have been made during the period of investigation. Also, the Rule 2(b) specifically refers to eligibility of such producers who “*are related to the exporters or importers of the alleged dumped article or are themselves importers thereof*”. Also, the applicant is not related to any importer or the exporter of the subject goods in the subject country. Thus, the Authority finds that the producer is eligible to be included within the scope of the domestic industry.
- b. With regard to the negative price undercutting for some of the PCNs, the Authority notes that the price undercutting is one of the injury parameters. As concluded hereinabove, the prices of the subject imports have created a strain and have had a suppressing effect on the prices of the domestic industry. The profitability parameters of the domestic industry have been adversely impacted due to the dumping of the subject imports.
- c. With regard to the return on the capital employed not being negative, it is noted that the Annexure – II requires the Authority to determine whether there has been a natural and potential decline in the return on the capital

employed. This implies that if there is a decline in the return on the capital employed, the Authority may conclude that the domestic industry has suffered injury in terms of that parameter, even if the return is positive.

- d. With regard to the treatment of the capital cost / finance cost to determine the cost of production / non-injurious price of the domestic industry, the Authority notes that the cost incurred for the capital expenditure has not been added to the cost of production, but has been capitalized, in accordance with the Generally Accepted Accounting Principles in India. Further, the domestic industry has not claimed any finance cost. Thus, the cost of production of the domestic industry is appropriately determined and is not exaggerated.
- e. With regard to the determination of the net export price for Ouhua, the Authority notes that since it is exporting the subject goods to India through related entities, Oumu and Qifeng, the profit and indirect SGA expenses incurred by the related entities are required to be adjusted in order to determine the net export price for Ouhua, in accordance with the consistent practice of the Authority.
- f. With regard to adverse impact of imposition of anti-dumping duty on the users, as their profit margin is low, the Authority has examined the profits of the users as per financial statements. The profits of users do not show any correlation to the landed price of imports. The users have claimed low margins even though the landed price of imports has declined over the period. The users have not shown that they suffered losses, when the price of imports was higher. To the contrary, the summary of financial statements of the users, as brought on record by the domestic industry, shows that the profit margin of the users was higher during the periods when the import price was higher. Therefore, it cannot be considered that the increase in prices would result in the users incurring losses.

J. INDIAN INDUSTRY'S INTERESTS & OTHER ISSUES

J.1. Views by the other interested parties

96. The submissions made by the other interested parties with regard to the Indian industry's interest are as follows:
- a. The decor paper printing industry is in the process of establishing itself in India. It is forced to import the product under consideration due to limited supply options and the non-availability of the required quality of the print base paper.
 - b. The quality of print base paper made by the domestic industry does not match the quality parameter of the user industry in terms of smoothness and colour absorption capacity which leads to high rejection rates. Therefore, the users are forced to import the product.

- c. There cannot be an apple to apple comparison between the imported goods and the domestic goods in terms of quality. Any rejection of the decor paper due to the quality does not fetch any value to the printers.
- d. The printers face stiff competition from the pre-printed decor paper as they need to import the print base paper, printing inks, ink binders, machineries, equipment, printing cylinders, etc. which adds to their cost.
- e. The imposition of the duties only on the product under consideration will make the printed decor paper from the subject country cheaper, which will lead to the printers facing stiff price competition. It may result in the dumping of such product, leading to extinction of the Indian printing industry, which would adversely impact the domestic industry.
- f. The imposition of the anti-dumping duty on the imports of the product under consideration will give decor printers from the subject country undue competitive advantage over the domestic printers. In case the imports of the pre-printed decor paper accelerate, many domestic printers may have to shut down which will be against the Make in India initiative.
- g. The imposition of the anti-dumping duty will not be in the public interest as despite being the largest producer of the decor paper, the applicant is not able to meet the demand in the country and there is a huge demand-supply gap. Therefore, the imports are inevitable and the users will be forced to pay duties on such imports. The subject goods are consumed by a large number of downstream users, mostly in the MSME sector.
- h. Even after the expansion of the capacities and operating at 100% capacity utilisation, the domestic industry can meet only 50% of the domestic demand. In such a case, the only objective of invoking the anti-dumping law is to attain super normal profits to recover the capital cost.

J.2. Views by the domestic industry

97. The submissions made by the domestic industry with regard to the Indian industry's interest are as follows:
- a. If the injury to the applicant continues for long, the applicant may have to shut down its operations and the consumers will have to substantially depend upon on imports.
 - b. The users have not demonstrated any likely adverse impact of the imposition of the anti-dumping duty on their performance.
 - c. The imposition of the anti-dumping duty will not significantly impact the user interest as impact on the prices of the downstream industry will be insignificant and it will be able to pass on such increase to the consumers.
 - d. The performance of the users is not dependent upon the price of the imports as their performance was best in 2016-17 when the mark up of the subject goods over the raw material prices was highest and the domestic industry did not suffer any injury. The users were unaffected when the prices of the imports were higher. The performance of users has shown a decline with decline in the landed price.

- e. It cannot be construed that the operations of the users would become unviable due to availability of the goods at fair prices. The users cannot claim a right to availability of goods at dumped prices.
- f. The applicant has invested a significant amount for the capacity expansion in order to move towards Aatma Nirbhar India. It is necessary to provide a level playing field to protect such investment and encourage further investment in order to reduce the demand-supply gap in the country.
- g. It is necessary for the applicant to earn adequate profits in order to recover the investment and the cost of investment as the decor paper industry is capital intensive in nature. Currently, the profits of the applicant are inadequate to cover more than 10% of the cost of the financing.
- h. The imposition of the anti-dumping duty would encourage investment in the product and help bridge the demand-supply gap.
- i. Regarding the contention that there is a demand-supply gap in the country and the only objective of the anti-dumping duty is to attain super normal profits, it is submitted that the imposition of the anti-dumping duty will not restrict the availability of the subject goods in India but only establish a fair competition in the market. In *Nocil Limited V. Government of India*, the High Court held that demand-supply gap is not a justification for dumping. The CESTAT in *DSM Idemitsu Limited V. Designated Authority* held that the exporters cannot dump on the pretext that the domestic industry was not in a position to meet the demand in India. The Authority has consistently recommended imposition of the anti-dumping duty even in the cases where there was a demand-supply gap.
- j. The support provided by the Government of China PR to the producers / exporters has destroyed the fair competition in India. The producers / exporters acknowledge that their costs and prices are affected by the Chinese government intervention which is evident from the fact that none of the parties have filed for a market economy treatment.
- k. The challenges identified by the interested parties include that they are forced to import the subject goods, but the applicant is offering the same domestically.

J.3. Examination by the Authority

- 98. As per the data available on record, the sales of the domestic industry have increased, which indicates that the goods sold by the domestic industry are of the requisite quality. The user industry has not furnished any information regarding the parameters in which the products produced by the domestic industry do not match the imported products. However, as per the Central Pulp and Paper Research Institute (CPPRI) report, the parameters of the goods imported in India and the parameters of the goods sold by the domestic industry have a trivial difference in the quality of the subject goods.
- 99. Some of the interested parties have contended that if the duties are not imposed on the pre-printed decor paper, the dumping of the same will start. The Authority notes that the present investigation pertains to the imports of the product under consideration

which excludes pre-printed decor paper. In case the dumping of the pre-printed decor paper starts, the domestic producers are free to approach the Authority for imposition of the anti-dumping duty on the said product.

100. Some interested parties have contended that the imports are inevitable due to the demand-supply gap in India and they would be forced to pay higher price for the imports. The Authority notes that the demand-supply gap is not a justification for dumping in India. Even if there is a demand-supply gap in the country, it is necessary that the product is available at fair prices. The imposition of the anti-dumping duty will not hamper the availability of the product under consideration but will ensure that the same is available at the fair prices. In fact, the re-establishment of fair competition in the market may encourage further investment, which would help further bridge the demand-supply gap.

101. Further, the domestic industry has submitted that the product can also be imported from other countries such as Italy, Japan, Germany and Poland, along with sourcing the goods domestically. In any case, there are only three producers of the subject goods in the country, of which the petitioner is the largest producer. If the current situation persists, the viability of the operations of the domestic industry may be impacted. Therefore, to ensure continued availability of domestic product, it is necessary that the domestic producers remain viable at fair prices, failing which the users would become increasingly dependent on the dumped imports. The recent experience in the Covid-19 period has also shown that the users suffer if they are substantially dependent on the imports.

102. With regard to the operations of the domestic industry, the Authority notes that the domestic industry has shown long-term commitment to the production in India. Considering the significant demand in the country, the domestic industry invested a significant sum to increase capacities. That being the case, it needs to earn adequate profits, in order to recover its investment. However, at present, its profits are significantly low. The domestic industry has highlighted that had it financed its plant through loans, the profits earned at present would cover only 10% of the finance cost, even assuming an interest rate of 9%. Therefore, such a market situation would not be conducive to encouraging further investment in the country.

103. The users have also claimed that the imposition of duties would adversely impact their margins, as the product under consideration constitutes 6% of their cost of production, and they are operating at low margins. The domestic industry has claimed that the impact of duties on the users would be 0.66% to 1.64%. Even assuming that the product under consideration constitutes 6% of the cost of production of the users, the Authority notes that the duty recommended is less than 10%. In view of the same, the Authority finds that the duty would lead to an increase of at best 0.6%, which cannot be considered significant.

104. The Authority recognizes that the imposition of the anti-dumping duties might affect the price levels of the product in India. However, the 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 in the performance of the domestic industry and help maintain the availability of a wider choice to the consumers of the subject goods. The purpose of the anti-dumping duties, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to reestablish a situation of open and fair competition in the Indian market, which is in the general interest of the country. The imposition of the anti-dumping duties, therefore, would not affect the availability of the product to the consumers. The Authority notes that the imposition of the anti-dumping measures would not restrict the imports from the subject country in any way and, therefore, would not affect the availability of the product under consideration to the consumers.

K. CONCLUSION & RECOMMENDATIONS

105. Having regard to the contentions raised, the information provided, the submissions made and the facts available before the Authority as recorded in the above findings, the Authority concludes that:

- i. The product produced by the domestic industry is the like article to the product under consideration imported from the subject country.
- ii. The application contained all the information relevant for the purpose of initiation of investigation and the application contained sufficient evidence to justify the initiation of the investigation.
- iii. Considering the normal value and the export price for the subject goods, the dumping margin has been determined for the subject country. The dumping margin is positive and significant.
- iv. The domestic industry has suffered material injury. The examination of subject imports and the performance of the domestic industry clearly shows that the volume of the subject imports has increased in absolute terms despite the significant capacity addition by the domestic industry. The imports are suppressing the prices of the domestic industry. The profitability parameters of the domestic industry have shown a negative growth over the injury period.
- v. The injury to the domestic industry has been caused by the dumped imports from the subject country.
- vi. The information on record shows that the non-imposition of the anti-dumping duty will adversely and materially impact the indigenous production, while imposition of the duty will not materially impact the consumers or the downstream industry or the public at large. On the basis of the information provided by the interested parties and the investigation conducted, the Authority is of the considered view that the imposition of the anti-dumping duty will not be against the public interest.

106. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to the domestic industry, the exporters, the importers and the other interested parties to provide the positive information on the aspect of the dumping, the injury, the causal link and the impact of proposed measures. Having initiated and conducted the investigation into the dumping, the injury and the causal link in terms of the provisions laid down under the Anti-Dumping Rules, the Authority is of the view that the imposition of the anti-dumping duty is required to offset the dumping and the injury. The Authority considers it necessary to recommend imposition of the anti-dumping duty on the imports of the subject goods from the subject country.

107. Having regard to the lesser duty rule followed by the Authority, the Authority recommends the imposition of the anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of the anti-dumping duty on the imports of the subject goods, originating in or exported from the subject country, from the date of the notification to be issued in this regard by the Central Government, equal to the amount mentioned in Col. 7 of the duty table appended below. The landed value of the imports for this purpose shall be the assessable value as determined by the Customs under Customs Act, 1962 and applicable level of the custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

Duty Table

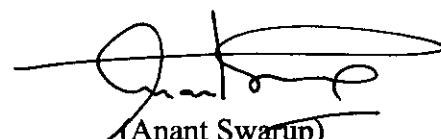
SN	Heading	Description	Country of Origin	Country of Export	Producer	Amount	Unit	Currency
1	2	3	4	5	6	7	8	9
1.	48059100, 48022090	Decor Paper*	China PR	China PR	Kingdecor (Zhejiang) Co., Ltd.	116	MT	US\$
2.	48059100, 48022090	Decor Paper*	China PR	China PR	Shandong Boxing Ouhua Special Paper Co., Ltd. and Zibo OU-MU Special Paper Co., Ltd.	110	MT	US\$
3.	48059100, 48022090	Decor Paper*	China PR	Any country including China PR	Any other than Sl No. 1 and 2	542	MT	US\$
4.	48059100, 48022090	Decor Paper*	Any country other than China PR	China PR	Any	542	MT	US\$

**uncoated paper in reel form of 40-130 GSM, having klemm absorbency of at least 12 mm per 10 minutes, wet tensile strength of 6-12 N/15 mm, and gurlley porosity of 10-40*

sec / 100 ml, containing titanium dioxide or pigments as filler. It includes base paper for high pressure (HPL) or low-pressure (LPL) decorative laminates, also known as decor paper, decorative base paper, decorative paper for high-pressure or low-pressure laminates, coating base paper and print base paper, but excluding printed ready-to-use decor paper. The product under consideration includes various types of decor paper, such as surfacing paper (white/off-white), liner (white / off-white), barrier paper, shuttering base, overlay paper and print base paper (color / white). It may be imported as base paper for waxing, coating and impregnation; base paper for printing; base paper for use in decorative industry and barrier paper, and may come in various sizes as 95 cm, 96 cm, 102 cm, 123 cm, 123.5 cm, 124 cm, 124.5 cm, 125 cm, 131 cm, 132 cm, 183 cm, 184 cm and 185 cm.

L. FURTHER PROCEDURE

108. An appeal against the order of the Central Government that may arise out of this recommendation shall lie before the appropriate Forum.


(Anant Swarup)
Designated Authority