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**F. No. 6/35/2020-DGTR  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Trade Remedies)  
Jeevan Tara Building, 4<sup>th</sup> floor, 5, Parliament Street, New Delhi -110001**

Dated 14<sup>th</sup> September, 2021

**NOTIFICATION**

**FINAL FINDINGS**

**Case No. AD (OI) – 29/2020**

**Subject: Anti-dumping investigation concerning imports of “Sodium Hydrosulphite” originating in or exported from China PR and Korea RP.**

**A. BACKGROUND OF THE CASE**

Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter referred as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Antidumping 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”) thereof:

1. The Designated Authority (hereinafter referred to as the “Authority”) received an application from Transpek-Silox Industry Private Limited (hereinafter referred to as the “Applicant” or “the Domestic Industry” or “the Petitioners”) 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”) requesting for initiation of an anti-dumping investigation concerning imports of Sodium Hydrosulphite (hereinafter also referred to as the “PUC” or “subject goods” or “product under consideration”) from China PR and Korea RP (hereinafter referred to as the “subject countries”).
2. The Authority, on the basis of a duly documented petition and prima-facie evidence submitted by the Applicant, issued a notification No. 6/35/2020-DGTR, dated 16<sup>th</sup> September 2020, published in the Gazette of India Extraordinary, initiating the investigation in accordance with Section 9A of the Act read with Rule 5 of the Rules to

determine the existence, degree and effect of any alleged dumping of the subject goods from China PR and Korea RP 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**

3. The procedure described herein below has been followed with regards to the subject investigation:
  - a. The Authority notified the Embassies of the subject countries in India about the receipt of the anti-dumping application before proceeding to initiate the investigation.
  - b. The Authority issued a public notice dated 16<sup>th</sup> September 2020 published in the Gazette of India Extraordinary, initiating an anti-dumping investigation concerning the imports of the subject goods from China PR and Korea RP.
  - c. The Authority sent a copy of the initiation notification dated 16<sup>th</sup> September 2020, to the Embassies of the subject countries in India, the known producers and exporters from the subject countries, known importers and other interested parties, as per the information made available by the applicant. The interested parties were requested to provide relevant information in the form and manner prescribed and to make their views known in writing within the prescribed time-limit, in accordance with Rules 6(2) and 6(4) of the Rules.
  - d. The Authority provided a copy of the non-confidential version of the application filed by the applicant to the known producers / exporters of the subject countries and the Embassies of the subject countries in accordance with Rule 6(3) of the Rules.
  - e. The Embassies of the subject countries in India were also requested to advise the producers / exporters from their country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers / exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject countries.
  - f. The Authority forwarded a copy of the public notice initiating an anti-dumping investigation to the following known producers / exporters in the subject countries and opportunity to make their submissions known in accordance with the Rule 6(4) of the Rules:
    - i. Jinhe Sodium Hydrosulfite Factory Co. Limited, China PR
    - ii. Guangdong Zhongcheng Chemicals Co. Limited,China PR
    - iii. Hainan Zhongxin Chemical Co. Limited,China PR
    - iv. Jinhe Sodium Hydrosulfite Factory Co. Limited,China PR
    - v. CNSG Anhui Hong Sifang Co. Limited, China PR
    - vi. Zhejiang Huidelong Chemical Co. Limited,China PR
    - vii. Zhejiang Runtu Co. Limited, China PR

- viii. Anhui Choloro Alkali Chemical Group Co. Limited, China PR
- ix. Anyang Chemical Industry Co. Limited, China PR
- x. Hansol Chemical, Korea RP
- xi. Poohung Photo-Chemical Company Limited, Korea RP
- g. None of the exporters/ producers has filed response to the exporter's questionnaire.
- h. The Authority sent Questionnaires to the following known importers / users of subject goods in India seeking necessary information in accordance with Rule 6(4) of the Rules.
  - i. Morarjee Brembana
  - ii. Modern Denim
  - iii. Madura Coats Limited
  - iv. EICL Limited
  - v. Reliance Textile Industries Limited
  - vi. Welspun Terry Towels
  - vii. Andhra Pradesh Paper Mills Limited
  - viii. Everest Organics Limited
  - ix. Vardhman Fabrics
  - x. Orchid Pharma
- i. The Authority also sent notification to the following Associations asking them to intimate all their members regarding the initiation of the investigation and submit response comments, if any
  - i. Indian Cotton Mills Federation
  - ii. The Textiles Association of India
  - iii. Ahmedabad Textiles Industries Research Association
  - iv. The Gujarat Dyestuff Manufacturing Association
  - v. Federation of Indian Chamber of Commerce and Industry (FICCI)
  - vi. Confederation of Indian Industry (CII)
  - vii. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- j. None of the importers and users of the subject goods have filed questionnaire response. Sandeep Organics Private Limited has filed submissions during the course of the investigation as an importer.
- k. The period of investigation for the purpose of present investigation is 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 (12 months). The injury analysis period includes 2016-17, 2017-18, 2018-19 and the period of investigation.
- l. Transaction-wise imports data for the period of investigation and the preceding three years was procured from the DGCI&S. The Authority has relied upon data of DGCI&S for calculating the volume and value of imports of the subject goods in India.
- m. Further information was sought from the applicant to the extent deemed necessary. Verification of the data provided by the domestic industry was

conducted to the extent considered necessary for the purpose of the present investigation.

- n. The Authority made available the non-confidential version of the submissions made by various interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties since the public file was not accessible physically due to ongoing global pandemic.
- o. The domestic industry has submitted financial data duly certified by their Chartered/Cost Accountant. The non-injurious price (NIP) has been determined based on the optimum cost of production and cost to make & sell the subject goods in India as per the 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 anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- p. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to the interested parties to present their views orally in a public hearing held on 21<sup>st</sup> June 2021 through video conferencing. The interested parties, which presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- q. The submissions and arguments made by the interested parties and the information provided by the various interested parties during the course of investigation, to the extent the same are supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority in these final findings.
- r. The Authority, during the course of the investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of these final findings, by verifying the data / documents submitted by the domestic industry to the extent possible.
- s. 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 claims wherever warranted and such information has been considered as confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- t. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded these final findings on the basis of the facts available.

- u. In accordance with Rule 16 of the Rules, the essential facts of the investigation were disclosed to the known interested parties vide Disclosure Statement dated 9<sup>th</sup> September, 2021 and comments received thereon, considered relevant by the Authority, have been addressed in these final findings. The Authority notes that most of the post disclosure submissions made by the interested parties are mere reiteration of their earlier submissions. However, the post disclosure submissions to the extent considered relevant are being examined in these Final Findings.
- v. \*\*\* in these final findings represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- w. The exchange rate adopted by the Authority for the subject investigation is 1 US \$= Rs. 71.65.

### C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

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

*“Sodium Hydrosulphite”, whether produced using Zinc or Sodium Formate, also known as “Hydrosulphite Concentrate” or “Sodium Dithionite” or “Sodium Hydrosulfite” or “SHS”. It is a white or grayish white powder, free from visible foreign particles with pungent odour. Its crystalline chemical formula is Na<sub>2</sub>S<sub>2</sub>O<sub>4</sub>. It is used in diverse industrial sectors like Textiles, Soap, Molasses, Glue and reducing agent.*

*4. The product under consideration is classified under Chapter 28 of the Customs Tariff Act, 1975 under the tariff heading 28311010 and 28321020. The customs classification is only indicative and is not binding on the scope of the product under consideration.”*

#### C.1. Submissions of the other interested parties

5. The other interested parties have submitted as follows with regard to the scope of the product under consideration and like article.
- i. The product imported from China PR and Korea RP are different from the product manufactured by the domestic industry, as has been admitted by the applicant on their website but has not been stated in the petition.
  - ii. The products produced using zinc process are different than those produced using sodium formate process in terms of demand, usage, production process, cost and selling price. Production through zinc process is costlier and uncommon in trade while production through formate process is more common, which is used in China PR.

- iii. The products manufactured through zinc and sodium formate processes have different density as per the website of the applicant, but the same has not been disclosed in the petition.
- iv. Due to free-flowing machines, China PR produces SHS only through SF route and further, Chinese government has banned zinc manufacturing units 3 years ago. Thus, there are no imports of SHS (Zn) at all.
- v. The domestic industry has not specified the production route used by producers in Korea RP.
- vi. TCP India manufactures the product using sodium formate process and have admitted on their website that such products have an advantage over products produced using zinc or amalgam process since they do not contain even traces of zinc, iron or mercury. Further, the domestic industry has failed to provide details of amalgam process in their petition.
- vii. The price, demand and usage of the product under consideration varies based on packing. Exports from China PR are offered in 50 kgs packing which is costlier and more common in trade while the domestic industry offers wide range from 1 kg to 100 kgs packing as well as large size packings in mild steel drums and HMHDPE carboys. For exports, domestic industry offers two packings, 50 kg and 100 kg in mild steel drums, with and without pallets.
- viii. Price and usage of the products also varies as per form, either in powder form or lumps, which has not been disclosed by the applicant.
- ix. The assay value of the product imported from Korea RP is minimum 90% only and that of product imported from China PR is minimum 85-88%, with 88% purity being the most common in trade. Price, demand, supply and usage of the product under consideration varies as per purity and as the purity increases, the price also increases.
- x. The domestic industry has not provided information on whether they produce product with assay level of 85%, 90% and Grade E, which constitute the subject imports and whether there exists any difference between their product and imports.
- xi. The domestic industry has not disclosed in their petition that Thiourea dioxide is a substitute of the product under consideration.
- xii. Domestic industry has not disclosed the difference between Hydros D and Leucosafe D7.
- xiii. The product produced by the domestic industry does not have a BIS certificate.

## **C.2. Submissions of the domestic industry**

6. The domestic industry has made the following submissions with regard to the scope of the product under consideration and like article.

- i. The product under consideration is Sodium Hydrosulphite (SHS), whether produced using Zinc or Sodium Formate process. It is also known as Hydrosulphite Concentrate or Sodium Dithionite or Sodium Hydrosulfite ( $\text{Na}_2\text{S}_2\text{O}_4$ ) and is classifiable under the custom codes 28311010 and 28321020.
- ii. Goods are produced in China and in India using both Zinc route and Sodium Formate route and both the products are used as substitute for each other by the consumers who do not consider the products manufactured through different routes as different despite the price for the product produced through zinc route being slightly higher.
- iii. Since the product does not form a major part of the cost of the consumers, the consumers tend to give preference to convenience and other factors instead of the price of a particular product.
- iv. The products using the Zinc process and Sodium formate process can be used interchangeably in a number of applications While the users in the denim (textile) and jaggery industry prefer the product produced using zinc route due to properties such as low dusting, better stability, etc., but such consumer are limited and the majority of consumers use the products interchangeably.
- v. The import data does not permit segregation of the goods produced through Sodium formate route or the Zinc route, based on the descriptions.
- vi. The goods produced by the domestic industry were considered as like articles to the goods imported from China PR and Korea RP in the previous investigations.
- vii. The producers in China PR are producing the product using both the processes.
- viii. Even though the denim textile industry prefers the goods produced using the Zinc route, the other consumers focus on the cheaper product rather than on the production process of the product. The imported goods and the domestic industry include products produced using the Zinc route.
- ix. The domestic industry produces the subject goods from the Zinc and the Sodium formate route, which are largely the same in chemical composition and used interchangeably. As TCP India is not part of the domestic industry, the process used by it is irrelevant.
- x. Contrary to the contention made by the interested parties, no claim has been made by the applicant in their website that there is a difference in density of the products manufactured through Zinc and Sodium formate.
- xi. The domestic industry holds no obligation to specify the route of the production as the same cannot be identified from the import data. Further, the importer has neither quantified nor established impact of possible differences in the production process.
- xii. The domestic industry produces the product under consideration with assay level of 88% and 84%, while other domestic producers produce goods ranging from 70-92%.

- xiii. Though the purity of goods produced by Gulshan Chemicals is irrelevant, it produces subject goods with assay level of 85%, 88% generally and 90% on demand.
- xiv. The applicant has supplied the subject goods only in 50 kg packaging as the 100 kg packaging was discontinued, based on customer preference.
- xv. There is no link between the price and purity of the product as both the products of lower purity are sold at a higher price.
- xvi. Amalgam process is used for production of the subject goods only in Germany and not widely used in India or the subject countries.
- xvii. The product Hydros-D produced by the applicant is a specialty product which performs better in indigo dyeing of denims due to additional enhancements. Despite being more advanced, the product produced by the domestic industry essentially has the same characteristics and composition as the imported goods. No inference can be drawn regarding comparability of the product under consideration and the domestic product as a whole based on one variant.
- xviii. Hydros D and Leucosafe D7 are 2 specialty variants of the product under consideration, with no differences in terms of chemical composition, while in terms of price, the former is priced higher.
- xix. Sodium Hydrosulphite is not available in the form of lumps and is sold only as powder, as such the price and usage of the products does not vary by form as claimed by the interested parties.
- xx. Grade E product is a brand of BASF, Germany and is not imported from the subject countries.
- xxi. Regarding the claim that substitute of the product was not mentioned in petition, it is submitted that Thiourea Dioxide can only theoretically be used as a substitute for Sodium Hydrosulphite but practically, it is not used by any of the downstream users in India owing to the poor performance. In any case, the demand for the subject good has increased significantly and the injury is not caused by the price of an alleged identical substitute.
- xxii. Contrary to the allegation by the interested parties, the product manufactured by the domestic industry is BIS certified.
- xxiii. Regarding the contention that Sodium Sulphite, Sodium Sulfate and Sodium Thiosulfate were not disclosed as raw material, it is submitted that these are not raw materials for the product under consideration but added as stabilizing agents and are not used to manufacture the product under consideration.

### **C.3. Examination by the Authority**

- 7. The product under consideration in the present investigation is “Sodium Hydrosulphite.”, whether produced using Zinc or Sodium Formate, is also known as “Hydrosulphite Concentrate” or “Sodium Dithionite” or “Sodium Hydrosulfite” or

“SHS”. It is a white or grayish white powder, free from visible foreign particles with pungent odour. Its crystalline chemical formula is  $\text{Na}_2\text{S}_2\text{O}_4$ .

8. The product under consideration is produced using either “Zinc Process” or “Sodium Formate Process”. The former process involves reaction of zinc dust with sulphur dioxide and converting the resultant zinc salt to sodium hydrosulphite in the presence of caustic soda and soda ash. The latter process involves the reaction of caustic soda and sulphur dioxide with sodium formate in a methanol solution to produce sodium hydrosulphite.
9. The product under consideration is classified under Headings 2831 10 10 and 2832 10 20. The customs classification is indicative only and not binding on the scope of present investigation.
10. Sodium Hydrosulphite is widely used in diverse industrial sectors like Textiles, Soap, Molasses, Glue and reducing agent, Disulphide of metal ions to metals, linkage in wool hair etc. Major applications of the subject goods in different segments are listed below:
  - i. Textile - For Dyeing of Vat and Indigo dyes and reduction clearing of Synthetic fabric for stripping of dyes.
  - ii. Bleaching Aid - Ground Wood Pulp, Soap, Sugar, Molasses, Glue Kaolin (Clay).
  - iii. Reducing Agent - Reduction of Metal ions to Metals, Disulphide linkage in wool hair, Nitrogen compounds.
  - iv. Pharmaceuticals - Chemical reaction, De-Coloring final product.
  - v. Polymer - Oxygen scavenging agent.
11. With regards to the claim that products produced using zinc process are different from the products produced using sodium formate process, which is used by the producers in China PR, the Authority notes that the domestic industry is producing products using both processes, zinc as well as sodium formate. Further, the domestic industry has provided evidence to show that the subject goods are produced through both processes in the subject countries as well. Thus, there are no differences in such production process employed by the domestic industry and producers in China PR. Further, in the past investigations as well, the Authority has noted that the goods produced by the domestic industry are like article to the goods imported from China PR and Korea RP.
12. With regards to the claim that the products produced using zinc process and sodium formate process cannot be used interchangeably, it is noted that despite the products being produced through different routes, both the products are used interchangeably by the end-users. The domestic industry has contended that most of the consumers interchangeably use goods produced from the two processes and only 5% of the consumers use zinc route product. They have further submitted that these consumers use zinc route product not because the other product cannot be used, but only because

costs on account of the product is not so significant and these consumers believe that zinc route use would ensure stability in their production process. Remaining consumers are using formate route product only because it is cheaper than zinc route product.

13. The importer, Sandeep Organics Limited, has also claimed that while the product having purity of 85-88% is imported from China PR, product with assay value 90% is imported from Korea RP. The importer claimed that the purity of the product impacted the price, demand, supply and usage thereof. In response, the domestic industry has relied upon the import data to show that the purity of the product is not affecting the price as below.

Purity	Imports from China PR (MT)	Price (Rs. /MT)
85%	762	63,141
88%	4,328	61,607
90%	811	61,202

14. Further, the domestic industry has provided evidence to show that while it has produced the product under consideration with assay level of 88% and 84%, the supporters have produced the product with assay levels ranging from 70%-92%. The importer has not shown that the products of different assay values are not like articles.
15. With regard to packaging of the goods, the importer has claimed that the goods imported from the subject countries are packed in 50 kg packing, which is costlier. The domestic industry has also submitted that it is supplying the subject goods in packs of 50 kg. Therefore, there is no difference in the size of packing of the goods.
16. With regard to the availability of substitute in the form of Thiourea dioxide, it is noted that Thiourea dioxide is not used as a substitute by any of the downstream user industries in India due to its poor performance when compared with the product under consideration.
17. As regards the submission that the domestic industry is producing Hydros D and Leucosafe D7, it is noted that these are only two variants of the product under consideration and both of these are comparable in terms of chemical composition and characteristics.
18. With regard to the request for exclusion of Grade E, it is noted that no credible evidence has been furnished by the opposing interested parties to establish that the demand exists for Grade E and that the domestic industry does not have the capability to manufacture the same.

19. With regard to the form of the product under consideration, the Authority notes that, as per the information on record, the subject goods are sold in powder form only.
20. The Authority further notes that, contrary to the contention of the importer, the goods produced by the domestic industry are BIS certified. The domestic industry has also provided a copy of its BIS Certificate.
21. It is thus noted that the goods produced by the domestic industry and imported from the subject countries are comparable in terms of physical & chemical characteristics, manufacturing process & technology, functions and uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used and are using the two interchangeably. Therefore, the Authority holds that the goods produced by the domestic industry are like article to the imported goods.

#### **D. SCOPE OF DOMESTIC INDUSTRY & STANDING**

##### **D.1. Submissions of the other interested parties**

22. The other interested parties have made the following submissions with regard to the scope of domestic industry and standing.
  - i. Gulshan Chemicals does not produce subject goods with 90% purity as per their website.
  - ii. Kutch Chemical Industries Limited has neither mentioned production of the subject goods on their website, nor have they participated in the investigation.
  - iii. Other domestic producers have not submitted their data and thus the investigation based on the data of only one company is unfair.

##### **D.2. Submissions of the domestic industry**

23. The domestic industry has submitted as follows with regard to the scope of domestic industry and standing.
  - i. The application has been filed by Transpek-Silox Industries Private Limited which is the single largest producer of the subject goods in the country and constitutes a major proportion of the total production in the country.
  - ii. The applicant has not imported the subject goods and are not related to any exporter or importer of the subject goods in India.
  - iii. The petition has been supported by Demosha Chemicals Private Limited, TCP Limited and Gulshan Chemicals Limited.
  - iv. Kutch Chemical Industries Limited has set up manufacturing facilities for the production of the product under consideration but has not commenced commercial production so far.

- v. The applicant along with the supporters represent the entirety of the Indian industry.
- vi. As Kutch Chemical Industries Limited have not commenced commercial production of the product under consideration, they are not a domestic producer of the subject goods and hence have not participated in the investigation.
- vii. The production of the applicant constitutes a major proportion of the total domestic production and hence it constitutes domestic industry as affirmed by the Authority during the initiation. Non submission of data by the other domestic producers cannot prejudice the rights of the applicant in the present investigation.

### **D.3. Examination by the Authority**

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

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

25. The application has been filed by Transpek-Silox Industry Private Limited. The applicant producer is not related to any importer or exporter of the subject goods in the subject countries, nor have they imported subject goods from the subject countries.
26. There are 3 other producers who are engaged in the manufacturing of the subject goods in India. All three producers of the subject goods have supported the present application, namely:
- a. Demosha Chemicals Private Limited
  - b. TCP Limited
  - c. Gulshan Chemicals Limited

Another producer, Kutch Chemical Industries is in the process of setting up a plant for production of the subject goods.

27. The total domestic production has been determined on the basis of the details provided by the applicant. The applicant producer accounts for \*\*\*% of the total domestic production. Further, the applicant producer and supporters collectively account for 100% of the domestic production. The Authority therefore holds that the applicant constitutes domestic industry within the meaning of Rule 2(b) of the Anti-Dumping

Rules and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

## **E. CONFIDENTIALITY**

### **E.1. Submissions of the other interested parties**

28. The other interested parties have submitted the following with regard to confidentiality. The domestic industry has not disclosed its distribution channel and whether they offer any commission to agents forming part of such channel. Such agents have also not filed any questionnaire.

### **E.2. Submissions of the domestic industry**

29. Following submissions have been made by the domestic industry regarding confidentiality:

- i. Contrary to the contention of the interested parties, the domestic industry has disclosed that it has paid commission. Data regarding distribution channel or agents forming part of such channel was not required under the application proforma to the Authority.

### **E.3. Examination by the Authority**

30. With regard to confidentiality of information, 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 subrule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.*

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

*(3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalized or summary form, it may disregard such information.”*

31. Information provided by the interested parties on confidential basis was examined with regard to the sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority made available the non-confidential version of the evidence submitted by interested parties by directing the interested parties to share the non-confidential version of their submissions with each other through e-mails.

## **F. MISCELLANEOUS ISSUES**

### **F.1. Submissions of the other interested parties**

32. Following miscellaneous submissions have been made by the other interested parties.
- i. Imposition of anti-dumping duties will create a monopolistic market in the country and the investigation is a clear case of anti-competition and trade restrictive practices by the domestic industry.
  - ii. Imposition of anti-dumping duty will lead to increase in prices of the subject goods in India.
  - iii. In the absence of imports, the domestic industry will not be able to cater to the demand of sugar, textile and paper industry.
  - iv. Majority of exporters mentioned in the petition have not exported the product under consideration into India during the period of investigation.
  - v. The domestic industry has not provided details regarding seasonal and geographical demand of the subject goods. Accordingly, the period of investigation should be determined as 2 years instead of 1 year, since the product may fail in one season.
  - vi. The product under consideration is hazardous and highly combustible when it comes in contact with water, as a result of which storage and transportation of the product is difficult, particularly in rainy season, reducing the demand during such period.
  - vii. The product under consideration is used mainly in textile/denim factories in Gujarat which have suffered due to COVID, many of which are either partly closed or have delayed payments.

- viii. The product under consideration is used in sugar factories in North India and Maharashtra which have always been in a bad financial position.
- ix. The domestic industry is receiving concessions and tax benefits from the Government.
- x. The Authority has considered Sandeep Organics Private Limited as an interested party in the current investigation as well as in the investigation concerning Melamine and no documents have been asked till date in this regard.
- xi. During the period of investigation, the company has purchased \*\*\* kg of subject goods worth Rs. \*\*\*.
- xii. The domestic industry has not provided the details of costs and effects of change in location of its plant.
- xiii. Esseco Group is not a producer of the product under consideration
- xiv. Sodium Sulphite, Sodium Sulfate, Sodium Thiosulfate are also raw materials for production through zinc process as per the website of the applicant, but the same has not been disclosed in the petition.
- xv. The domestic industry offers three by-products, namely sodium formate, sodium sulphite and sodium thiosulphate, known as 'trisalts'.
- xvi. Silox S.A and Silox Belgium, which are group companies of the applicant export the product under consideration worldwide but do not export to India.
- xvii. Various holding companies of the applicant, namely Silox Holding, Silox UK, Silox Engis, Silox SA, Silox Belgium, HTCI, Shroff Group, Prayon, Cybelle, OCP & SRIW have not filed any information with the Authority.
- xviii. The domestic industry has not submitted the certificate of analysis in their non-confidential petition.

## **F.2. Submissions of the domestic industry**

- 33. Following miscellaneous submissions have been made by the domestic industry.
  - i. Sandeep Organics Limited cannot be treated as an interested party since the company failed to file an importer's questionnaire response required by the Authority, in line with the decision of CESTAT in Merino Panels Products Limited vs Designated Authority and Automated Tyres Importers' Association of India vs Designated Authority. Further, as per the financial statements of Sandeep Organics Limited for 2017-18 to 2019-20, the company has made zero imports.
  - ii. There is no demand-supply gap supply in the country as the domestic industry has sufficient capacity to cater to the entire demand in the country.
  - iii. In the absence of participation of consumers and the participation of only a party who failed to file the importer's questionnaire response, there is no evidence of any adverse impact on the consumers.
  - iv. The product under consideration is not a raw material but a mere chemical or additive for the consumers forming only a limited share in the cost of production

and thus, imposition of duty would not result in the increase in costs for downstream users

- v. There exists a healthy market situation in the country with significant inter-se competition between the domestic producers, offering the consumers ample choices.
- vi. The increase in imports of the product under consideration from non-subject countries during the period when duties were imposed on China, indicates the willingness of the third countries to supply material to India in fair market conditions.
- vii. Imposition of duties would help in conservation of outgoing foreign exchange.
- viii. The domestic industry is competing with Chinese producers whose costs and prices are severely distorted by government intervention, which is evident from the fact that there is no claim of market economy treatment.
- ix. The product under consideration forms only a minimal part of the cost of production in the textile industry that is, 0.02% of the total cost of production of denim and thus, a slight increase in the price shall not adversely impact the producers.
- x. Contrary to the contention by the interested parties, the product under consideration is not used in the sugar industry.
- xi. Even though the subject goods from Germany, China PR and Korea RP have been subject to anti-dumping duties in the past, there has been a significant increase in volume of subject imports when the duties expired in 2017. The anti-dumping duties are required as long as injurious dumping by foreign producers continue.
- xii. Since the initiation notification was sent to the Embassy of the subject countries, it cannot be considered that the exporters were unaware of the investigation.
- xiii. In response to the claim of the interested parties that the domestic industry benefitted from tax benefits or concession from the Government, it is submitted that no such benefits were received.
- xiv. Contrary to the contention of the interested parties, the demand for the subject goods increased during the period of investigation.
- xv. Contrary to claim of the interested parties, Esseco Group is a major producer of the subject goods with production units in Italy, United Kingdom and Brazil.
- xvi. Silox S.A and Silox Belgium do not sell in the Indian market. Further, since the domestic industry itself is having under-utilized capacity, it makes no sense for these entities to export to India.
- xvii. The group companies of the applicant-Silox Holding, Silox UK, Silox Engis, Silox SA, Silox Belgium, HTCI, Shroff Group, Prayon, Cybelle, OCP & SRIW do not fall within the scope of interested party as they are neither located in the subject countries nor are they exporters of the subject goods to India.

- xviii. The certificate of analysis was not submitted with the petition merely because it is not required as per the application proforma. However, the domestic industry is willing to provide any further information that the Authority may require.
- xix. The domestic industry has provided all details regarding costs and effects of change in location of its plant as part of the data submitted with the Authority.

### **F.3. Examination by the Authority**

- 34. With regards to the argument that the imposition of duties is likely to create a monopoly in the market, the Authority notes that at present there are four producers of the subject goods in the country. Hence, there does not seem any possibility of creation of a monopolistic market in the country. It is further noted that anti-dumping duty does not restrict imports, but only ensures that the imports enter the market at fair prices.
- 35. With regards to the claim of the other interested parties that the majority of exporters have not exported the subject goods during the period of investigation, the Authority notes that the notice of initiation was published in the Gazette of India and on the website of the DGTR. Further, the Authority had duly intimated the Embassy of the subject countries with regard to the initiation of the investigation. Despite that, none of the exporters from the subject countries have submitted questionnaire responses or participated in the present investigation.
- 36. The importer has also contended that the demand of the subject goods is seasonal and reduces in the rainy season. The Authority notes that the injury period consists of four financial years. Therefore, if the demand is affected by monsoon, it would be the case in each of the years. Therefore, the Authority does not find any merit in the submission to extend POI to a period of two years. Even otherwise, the Rules permit POI to be kept for a maximum of 18 months.
- 37. With regard to the contention of the domestic industry regarding failure of Sandeep Organic Private Limited to file a questionnaire response, the Authority notes that Trade Notice 11/2018 allows an interested party to participate in the investigation even without filing a response to the questionnaire. Therefore, even though the importer has not filed a response, the Authority has treated Sandeep Organic Private Limited as an interested party in the present investigation.
- 38. With regard to the contention that the imposition of anti-dumping duty will lead to an increase in prices of the subject goods in India, it is noted that the product under consideration is not a raw material, but merely a chemical or an additive and is used only for dyeing, bleaching, or as a reducing agent/oxygen scavenging agent, or for de-colouring and does not form a major part of the cost of production for the downstream

users. Therefore, the imposition of duties would not result in a significant cost increase for the users. The Authority also notes that none of the users have participated in the investigation to provide any evidence of the adverse impact.

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

39. As per Section 9A (1) (c) of the Act, the normal value in relation to an article means:

*(i) the comparable price, in the ordinary course of trade, for the like article when destined for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*

*(ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either –*

*(a) comparable representative price of the like article when exported from the exporting country or territory to an appropriate third country as determined in accordance with the rules made under sub-section (6); or*

*(b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*

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

#### **G.1. Submissions of the domestic industry**

40. The domestic industry has submitted as follows with regards to normal value, export price and dumping margin.

- i. Since no producer / exporter from China PR has participated to demonstrate that they are operating under market economy conditions, the normal value should be determined on the basis of provisions of para 7 of Annexure – I.
- ii. Normal value for producers / exporters in China PR should be determined based on the prices of exports from European Union to India as imports from European

Union constitute the largest share of imports after the subject countries, such imports are competing with the Chinese imports and such imports are not dumped. Thus, European Union is an appropriate surrogate country as per the principles laid down in Kuitun Jinjian Chemical Industry Co Limited v. Union of India.

- iii. Normal value determined based on the cost of production in India despite availability of export price to third countries is inconsistent with Section 9A (1) (c) of the Anti-dumping Rules.
- iv. The Authority must determine normal value for producers / exporters in Korea RP based on the price of exports to third country which are in ordinary course of trade. If the export prices are above the cost of production of Korean producers determined by the Authority at the time of initiation, such sales should be considered as sales in ordinary course of trade and must be used to determine the normal value.
- v. The USDOC applies five percent test, whether exports are of like products and whether volume of sales is larger than the volume of sales to other countries, to determine the appropriate third country. Since volume of exports to Japan is more than the volume of exports to other countries, Japan may be considered as an appropriate third country and normal value may be determined based on price of exports from Korea RP to Japan.
- vi. If the Authority determines the normal value for producers / exporters in China PR and Korea RP based on the cost of production in India, actual cost of production should be considered and not the optimum cost of production. Adoption of optimum cost of production rewards the exporters for their non-participation in the present investigation.
- vii. Export price has been determined based on the CIF price which has been adjusted for ocean freight, marine insurance, commission, bank charges, port expenses and inland freight to arrive at the ex-factory level.
- viii. Dumping margin for the subject countries is positive and significant.

## **G.2. Submissions of other interested parties**

41. No submissions have been made by other interested parties with regards to normal value, export price and dumping margin.

## **G.3. Examination by the Authority**

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

*(i) the comparable price, in the ordinary course of trade, for the like article when destined for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*

*(ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either –*

*(a) comparable representative price of the like article when exported from the exporting country or territory to an appropriate third country as determined in accordance with the rules made under sub-section (6); or*

*(b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*

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

43. The Authority sent questionnaires to the known producers/exporters from the subject countries, advising them to provide information in the form and manner prescribed by the Authority. None of the producers/exporters have co-operated in this investigation by filing the questionnaire response.

### **G.3.1. Determination of normal value**

#### **Normal value for China PR**

44. 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 non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”*

45. It is noted that while the provisions of Article 15 (a) (ii) have expired with effect on 11.12.2016, the provision under 15 (a) (i) of the Accession Protocol require criterion stipulated in Para 8 of the Annexure I of Anti-Dumping Rules to be satisfied through

the information/data to be provided in the supplementary questionnaire for claiming the market economy status. It is noted that no producers/ exporters from China PR has filed supplementary questionnaire response. Accordingly, the normal value computation is required to be done as per provisions of para 7 of Annexure I of the Rules. The normal value and export price for all the producers/exporters from the subject country have been determined as below.

46. As none of the producers / exporters from China PR have filed the questionnaire response in the present investigation, the normal value has been determined 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 if 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.*

47. At the application stage, the applicant had claimed European Union as the surrogate country for China PR. The applicant claimed that the product under consideration is majorly produced and exported from three regions, China PR, Korea RP and the European Union. Since China PR and Korea RP are already subject of the present application, the applicant claimed that European Union is an appropriate market economy country. Accordingly, the applicant claimed normal value for China PR on the basis of price prevailing in European Union. However, during the course of the investigation, the applicant has also provided normal value on the basis of price of exports from European Union to India.
48. It is noted that as per the hierarchy given in law, the normal value should first be determined on the basis of the price or constructed value in a market economy third country, or the price of exports from such country to other countries, including India. Where the normal value is determined on the basis of price or constructed value in a market economy third country, the market economy third country is required to be

determined having regard to the level of development of the country concerned and the product in question. In the present case, while the applicant has provided information with regard to prices prevailing in European Union, it has failed to establish that the level of development in European Union is comparable to that of China PR. Accordingly, in the absence of any information with regard to comparability of level of development of European Union and China PR, the normal value cannot be determined on the basis of prices prevailing in European Union.

49. The applicant has also claimed normal value on the basis of export price of subject goods from European Union to India. In this regard, the Authority notes the findings of the Hon'ble CESTAT in the case of Kuitun Jinjiang Chemical Industry Co. Ltd. vs. Union of India, wherein it was held that when normal value is determined based on exports from a market economy third country to India, the relevant criteria for determining appropriate market economy third country is volume of exports from such country and that the country should not be dumping during the period of investigation. The Authority notes that there are significant imports from European Union, that is in excess of *de minimis*. Further, the imports from European Union cannot be considered as dumped. Accordingly, the Authority finds it appropriate to determine the normal value based on the export price of PUC from European Union to rest of the world.
50. For this purpose, the Authority has considered the WTA data for exports from European Union to the rest of the world. Since these prices are at FOB level, the price has been adjusted for commission, bank charges, port expenses and inland freight on the basis of facts available to arrive at the ex-factory price. The normal value so determined is mentioned in the dumping margin table below.

#### **Normal value for Korea RP**

51. None of the producers / exporters from Korea RP have participated in the investigation. Accordingly, the normal value has been determined on the basis of facts available in terms of Rule 6(8) of the Rules. In this regard, no information is available with regard to domestic selling price of the producers in Korea RP. The applicant has provided information with regard to price of exports from Korea RP to third countries. Further, the applicant has requested that ordinary course of trade test be applied to the exports from Korea RP. The Authority has determined the cost of production of the producers in Korea RP based on facts available, considering the cost of production of the domestic industry, having regard to best utilization of raw materials, utilities and production capacities. This cost of production has been compared to the export price from Korea RP to determine whether the exports have been made in the ordinary course of trade.

52. Further, the Authority has considered whether the volume of profitable exports is sufficient in volume, that is, whether it exceeds at least 5% of the volume of exports to India. Having applied the ordinary course of trade test and sufficiency test, the Authority finds that exports to Japan, Vietnam, Indonesia and USA can be considered for the determination of normal value. Since the volume of exports to Japan is the highest amongst these countries, the Authority finds it proper to consider it as the appropriate third country for determination of normal value. The export price from Korea RP to Japan has further been adjusted for commission, bank charges, port expenses and inland freight on the basis of facts available to arrive at the ex-factory price. The normal value so determined is mentioned in the dumping margin table.

### G.3.2. Determination of export price

#### Export price for China PR

53. None of the producers / exporters from China PR have participated in the investigation. Accordingly, the export price has been determined on the basis of facts available. For this purpose, CIF price as per transaction-wise DGCI&S import data has been considered, which has been adjusted for ocean freight, marine insurance, commission, bank charges, port expenses and inland freight on the basis of facts available.

#### Export price for Korea RP

54. None of the producers / exporters from Korea RP have participated in the investigation. Accordingly, the export price has been determined on the basis of facts available. For this purpose, CIF price as per transaction-wise DGCI&S import data has been considered, which has been adjusted for ocean freight, marine insurance, commission, bank charges, port expenses and inland freight on the basis of facts available.

### G.3.3. Determination of dumping margin

55. Considering the normal value and export price for subject goods, the dumping margins for the subject goods from subject countries have been determined as follows:

SN	Countries	Normal Value	Export Price	Dumping Margin	Dumping Margin	Dumping Margin
		(USD/MT)	(USD/MT)	(USD/MT)	(%)	(Range)
1	China PR	***	***	***	***	70-80
2	Korea RP	***	***	***	***	60-70

## **H. ASSESSMENT OF INJURY AND CAUSAL LINK**

### **H.1. Submissions of the domestic industry**

56. The domestic industry has made the following submissions with regard to injury and causal link.
- i. The applicant has shifted its plant from Atladra to Ekalbara during the injury period, as the former area had been declared as residential by the Government. The new plant was commissioned in the last week of February, 2017 and it produces the subject goods through the zinc route.
  - ii. Injury to the domestic industry should be examined taking into account the effect of expiry of duties imposed on imports from China PR which expired in 2017 and on imports from Korea RP and Germany which expired in 2014, post which the volume of imports increased significantly and the performance of the domestic industry deteriorated.
  - iii. The volume of imports from the subject countries has increased by 667% compared to the base year and imports from China PR alone have increased by 145 times over the injury period.
  - iv. The volume of imports in relation to production and consumption have also increased significantly, by 654% and 613% respectively.
  - v. The rate of increase in imports is much higher than increase in demand. While the demand increased by 7%, the volume of imports increased by 667%.
  - vi. The volume of imports is entirely unnecessary as there is no demand-supply gap and the domestic industry is self-sufficient.
  - vii. The landed price of the subject goods increased till 2018-19 but declined by 20% during the period of investigation and was the lowest over the injury period, resulting in unfair competition in the domestic market. Further, while the prices from the subject countries declined, the import prices from non-subject countries increased.
  - viii. The imports are significantly undercutting the prices of the domestic industry despite the domestic industry selling the subject goods below cost.
  - ix. While both the cost of sales and selling price of the domestic industry increased till 2018-19, both declined in the period of investigation. However, the decline in selling prices was higher than the decline in the cost of sales. Further, the domestic industry was unable to increase its prices in tandem with the cost and was forced to compromise their prices due to decline in landed price.
  - x. The domestic industry increased its capacity in 2017-18 as a result of which their fixed costs increased but the cost increase was not passed on to the consumers.
  - xi. While the installed capacity increased in the period of investigation, the production and capacity utilization declined in the period of investigation.

- xii. The domestic sales of the domestic industry increased by only 4% over the period while the demand increased in 7%.
- xiii. The market share of the domestic industry and the Indian industry declined in the period of investigation while that of imports increased exponentially.
- xiv. The inventories increased in the period of investigation.
- xv. The profitability of the domestic industry declined by more than 300% resulting in significant losses, cash losses, and negative return on investment.
- xvi. The domestic industry recorded negative growth in its price parameters and its volume parameters, except capacity.
- xvii. The subject imports have adversely impacted the ability of the domestic industry to raise capital investment as the domestic industry's profit before interest is negative.
- xviii. The domestic industry has not suffered injury due to any other factors.
- xix. There exists a causal link between the dumping and the injury to the domestic industry.
- xx. The revenue and profitability of other domestic producers have also declined over the injury period.
- xxi. Regarding the contention that the imports from Korea RP are not injurious, it was submitted that the imports from Korea RP account for more than 3% of total imports into the country and priced below the domestic selling price and non-injurious price of the domestic industry.
- xxii. In response to the claim that factories in China PR have shut down, it was submitted that the imports from China have shown significant increase regardless of such shutdown. Further, the shutdown was limited to Yichang, Hubei Province and there was no shutdown in other parts of China. Moreover, Guangdi Chemicals, the largest producer of the subject good had added capacity that was expected to become operational by 2019.
- xxiii. Contrary to the claim of the interested parties, the price of exports from the subject countries are lower than the price of exports from India to third countries. Export price of the domestic industry was lower than the domestic selling price till 2018-19 due to competition with exports from China PR and Korea RP in the international market. However, during the period of investigation, severe dumping resulted in lower domestic price than that of exports by the domestic industry.
- xxiv. The injury to the applicant is not on account of its inherent inefficient pricing policies as claimed by the interested parties, as the financial performance of the applicants improved and later declined with the cessation of duties on imports from China PR and significant increase in volume of dumped imports.
- xxv. Contrary to the contention of the interested parties, there are no imports from Japan during the period of investigation; hence injury cannot be attributed to exports from Japan.

xxvi. Regarding the contention that the domestic industry is using old machinery, it is submitted that the domestic industry has constantly upgraded its technology and recently sourced Sulphur dioxide technology. In any case, injury to the domestic industry is required to be seen as it exists.

xxvii. Prices of the product under consideration in the domestic industry are determined on ex-works basis and are not influenced by freight charges involved.

## **H.2. Submissions of the other interested parties**

57. The other interested parties have made the following submissions with regards to injury and causal link.

- i. The domestic industry is suffering due to different pricing policy for different states of the country depending on the seasonal demand of the product in a particular region.
- ii. The domestic industry provides the product at different prices to an end-user and a trader.
- iii. The domestic industry is suffering since it is old and is using obsolete technology and machines.
- iv. Imports from Korea RP are costly and the supply is irregular and less.
- v. A number of factories in China PR have shut down due to high cost and excessive pollution.
- vi. Exports by the domestic industry to other countries including USA and Turkey must be considered, which are high in number, implying that China PR and Korea RP are costlier than India. Further, exports are being made from Tuticorin but not from Vadodara.
- vii. Exports by BASF, Brüggemann and from Japan must be investigated to ascertain whether injury to the domestic industry can be attributed to such imports.
- viii. Since the plant of the domestic industry is located in Vadodara, the consumers in other parts of India are charged extra due to additional transportation.
- ix. The domestic industry has expanded their production capacity from 4600 tonnes to 14800 tonnes per year, by adding filter dryers and other balancing equipment, and due to consistent R&D effort, they were able to increase yield per batch of the product, while achieving higher production.

## **H.3. Examination by the Authority**

58. The Authority has examined the arguments and counterarguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.

## **I. Cumulative assessment**

59. Article 3.3 of the WTO Agreement and Para (iii) of Annexure II of the Rules provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Authority will cumulatively assess the effect of such imports, in case it determines that:
- a. The margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent (or more) of the import of like article or where the export of individual countries is less than three percent, the imports collectively account for more than seven percent of the import of like article, and
  - b. Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.
60. The Authority notes that:
- a. The subject goods are being dumped into India from the subject countries. The margins of dumping from each of the subject countries is more than the *de minimis* limits prescribed under the Rules.
  - b. The volume of imports from each of the subject countries is individually more than 3% of the total volume of imports.
  - c. Cumulative assessment of the effect of imports is appropriate as the exports from the subject countries not only directly compete inter se but also with the like articles offered by the domestic industry in the Indian market.
61. In view of the above, the Authority considers that it is appropriate to assess the effect of dumped imports of the subject goods from China PR and Korea RP.
62. Rule 11 of Antidumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “... *taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...*”. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Anti-Dumping Rules.

63. The Authority has taken note of various submissions of the domestic industry and the other interested party on injury to the domestic industry and has analyzed the same considering the facts available on record and applicable laws. The injury analysis made by the Authority here under ipso facto addresses the various submissions made by the interested parties.

## II. Assessment of demand / Apparent consumption

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

Particular	Unit	2016-17	2017-18	2018-19	POI
Sales of domestic industry	MT	***	***	***	***
Trend	Indexed	100	108	103	104
Sales of other domestic producers	MT	***	***	***	***
Trend	Indexed	100	95	98	96
Subject imports	MT	853	1,376	4,656	6,540
Other imports	MT	2,374	1,568	450	418
Total demand	MT	46,608	46,402	48,389	50,094

65. It is noted that the demand for the product under consideration declined marginally in 2017-18 but has increased thereafter and in the period of investigation.

## III. Volume effect of dumped imports

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

Particulars	Unit	2016-17	2017-18	2018-19	POI
Subject imports	MT	853	1,376	4,656	6,540
China PR	MT	43	710	4,080	6,288
Korea RP	MT	810	666	576	252

Other imports	MT	2,374	1,568	450	418
Subject Imports in relation to					
Domestic production	%	1.60%	2.36%	8.11%	12.03%
Consumption	%	1.83%	2.97%	9.62%	13.05%
Total Imports	%	26.43%	46.75%	91.19%	93.99%

67. It is noted that:

- i. The volume of subject imports increased significantly throughout the injury period and was the highest during the period of investigation. Over the period, the imports have increased by 667%.
- ii. The volume of subject imports also increased significantly in relation to the domestic production and consumption.
- iii. The share of subject imports in total imports also increased drastically, to more than 90% in the period of investigation, while imports from other countries have declined and were marginal during the period of investigation.

#### IV. Price effect of the dumped imports

68. In terms of Annexure II (ii) of the Rules, with regard to the effect of the dumped imports on 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 prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. In this regard, a comparison has been made between the landed price of imports from the subject countries with the net sales realization of the domestic industry for the subject goods.

##### a. Price undercutting

69. To determine price undercutting, 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.

Particulars	Unit	2016-17	2017-18	2018-19	POI
China PR					
Net selling price	₹/MT	***	***	***	***
Trend	Indexed	100	111	126	105
Landed price	₹/MT	52,354	89,875	83,229	66,889

Price undercutting	₹/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	Range	45-55	(0-10)	10-20	20-30
Korea RP					
Net selling price	₹/MT	***	***	***	***
Trend	Indexed	100	111	126	105
Landed price	₹/MT	68,646	68,693	86,634	76,938
Price undercutting	₹/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	Range	10-20	20-30	10-20	0-10
Subject countries					
Net selling price	₹/MT	***	***	***	***
Trend	Indexed	100	111	126	105
Landed price	₹/MT	67,825	79,626	83,650	67,276
Price undercutting	₹/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	Range	10-20	0-10	10-20	20-30

70. It is noted that the subject imports are entering the market at a price significantly below the selling price of the domestic industry and are undercutting the prices of the domestic industry

**b. Price suppression / depression**

71. In order to determine whether the effect of imports is to depress prices to a significant degree or prevent price increases which otherwise would have occurred, the information given by the domestic industry for the changes in the costs and prices over the injury period has been compared with the landed value.

Particulars	Unit	2016-17	2017-18	2018-19	POI
Cost of Sales	Rs/MT	***	***	***	***
Trend		100	116	126	123
Selling Price	Rs/MT	***	***	***	***
Trend		100	111	126	105
Landed Price from subject country	Rs/MT	67,825	79,626	83,650	67,276
Trend		100	117	123	99

72. It is seen that both cost of sales and selling price of the domestic industry have increased over the injury period. However, the increase in cost of sales was at a much higher rate than increase in the selling price. By comparison, the landed price of

imports has declined over the period. Hence, the subject imports have suppressed the prices of the domestic industry.

#### V. Economic parameters of the domestic industry

73. Annexure II to the Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. Various injury parameters relating to the domestic industry are discussed below.

##### a. Capacity, production, capacity utilization and sale

74. The performance of the domestic industry with regards to capacity, production, capacity utilization and sales is as follows:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Capacity	MT	***	***	***	***
Trend	Indexed	100	145	105	127
Production	MT	***	***	***	***
Trend	Indexed	100	117	114	111
Capacity utilization	%	***	***	***	***
Trend	Indexed	100	81	108	88
Domestic sales	MT	***	***	***	***
Trend	Indexed	100	108	103	104

75. It is seen that:

- i. The capacity of the domestic industry declined in 2018-19 but has increased during the period of investigation due to capacity expansion by the domestic producer.
- ii. The production of the domestic industry increased in 2017-18 but has declined thereafter in 2018-19 and in the period of investigation. Despite increase in capacity during the period of investigation, the production of the domestic industry has shown a decline.

- iii. The capacity utilization of the domestic industry increased in 2018-19 due to decline in capacity. However, the capacity utilization has reduced again during the period of investigation.
- iv. The domestic sales of the domestic industry declined in 2018-19 but increased marginally during the period of investigation.

**b. Market share**

76. Market share of the domestic industry and other Indian producers is as below.

Particulars	Unit	2016-17	2017-18	2018-19	POI
Domestic industry	%	***	***	***	***
Trend	Indexed	100	108	99	97
Supporters	%	***	***	***	***
Trend	Indexed	100	95	94	89
Subject imports	%	1.83%	2.97%	9.62%	13.05%
Other imports	%	5.09%	3.38%	0.93%	0.83%

77. It is noted that the market share of subject imports increased substantially over the injury period, while share of other imports declined. As against this, the market share of the domestic industry increased till 2017-18 but thereafter declined. Further, the market share of the Indian industry as whole also declined during the period of investigation.

**c. Inventories**

78. Inventories with the domestic industry over the injury period are as below.

Particulars	Unit	2016-17	2017-18	2018-19	POI
Opening inventory	MT	***	***	***	***
Closing inventory	MT	***	***	***	***
Average inventory	MT	***	***	***	***
Trend	Indexed	100	68	69	117

79. It is noted that the inventories of the domestic industry declined in 2017-18 but increased significantly in the period of investigation.

**d. Profitability, cash profits and return on capital employed**

80. Profitability, return on investment and cash profits of the domestic industry over the injury period is as follows:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Cost of Sales	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>116</i>	<i>126</i>	<i>123</i>
Selling price	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>111</i>	<i>126</i>	<i>105</i>
Profit before tax	Rs/MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>17</i>	<i>126</i>	<i>(233)</i>
Total Profit before Tax	Rs Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>18</i>	<i>129</i>	<i>(243)</i>
Total Profit before interest and taxes	Rs Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>22</i>	<i>128</i>	<i>(228)</i>
Cash Profit	Rs Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>98</i>	<i>160</i>	<i>(81)</i>
Return on capital employed	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>10</i>	<i>77</i>	<i>(115)</i>

81. It is seen that:

- i. The profits of the domestic industry increased in 2018-19 but deteriorated in the period of investigation. The domestic industry suffered significant losses during the period of investigation.
- ii. The cash profits of the domestic industry increased till 2018-19, but the domestic industry suffered cash losses in the period of investigation.
- iii. The return on capital employed of the domestic industry also declined and was negative in the period of investigation.

**e. Employment, wages and productivity**

82. Authority has examined the information relating to employment, wages and productivity, as below.

Particulars	Unit	2016-17	2017-18	2018-19	POI
No. of employees	Nos	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>117</i>	<i>107</i>	<i>94</i>
Productivity per day	MT/Day	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>117</i>	<i>114</i>	<i>111</i>
Productivity per employee	MT/Employee	***	***	***	***

Trend	Indexed	100	100	106	119
Wages per unit	₹ lacs	***	***	***	***
Trend	Indexed	100	88	84	101

83. It is seen that the number of employees of the domestic industry increased in 2017-18 but declined thereafter, while wages increased. Further, productivity of the domestic industry has improved over the period.

**f. Growth**

84. The trend of volume and profit parameters of the domestic industry are as under:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Production	%	-	17%	-3%	-2%
Domestic sales	%	-	8%	-5%	2%
Profits	%	-	-62%	292%	-265%
Cash profits	%	-	12%	57%	-148%
Return on capital employed	%	-	-78%	300%	-220%

85. It is noted that the performance of the domestic industry has deteriorated during the period of investigation. While the production of the domestic industry has shown negative growth, the sales of the domestic industry have marginally grown during the period of investigation when compared to the previous year. Further, the profitability parameters have shown significant negative growth in the period of investigation.

**g. Ability to raise capital investment**

86. The Authority notes that the domestic industry is incurring significant losses and suffering negative return on its capital employed. Thus, the ability of the domestic industry to raise capital investment has clearly adversely affected by the subject imports.

**h. Factors affecting prices**

87. It is noted that the subject imports are undercutting the prices of the domestic industry. Further, the domestic industry has not been able to increase its prices in line with the increase in its cost of sales, due to the decline in landed price. Therefore, it can be concluded that the subject imports have adversely impacted the prices of the domestic industry.

**i. Magnitude of dumping**

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

**I. MAGNITUDE OF INJURY MARGIN**

89. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Rules read with Annexure III. The NIP 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 NIP has been considered for comparing the landed price from the subject countries for calculating injury margin. For determining the NIP, the best utilisation of the raw materials, utilities and capacities by the domestic industry over the injury period has 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 average capital employed (i.e. average net fixed assets plus average working capital) for the PUC was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and being followed.
90. Based on the landed price and non-injurious price determined as above, the injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below:

**INJURY MARGIN TABLE**

SN	Countries	NIP	Landed Value	Injury Margin	Injury Margin	Injury Margin
		(Rs/MT)	(Rs/MT)	(Rs/MT)	(%)	(Range)
1	China PR	***	66,889	***	***	30-40
2	Korea RP	***	76,938	***	***	20-30

**J. NON-ATTRIBUTION ANALYSIS**

91. As per the Rules, the Authority, inter alia, is required to examine any known factors other than the dumped imports which at the same time are injuring the Domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition

between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether factors other than dumped imports could have contributed to the injury to the domestic industry:

**a. Volume and prices of imports from third countries**

92. It is noted that other than imports from the subject countries, there are significant imports from European Union. However, such imports are priced much higher than the price of imports from the subject countries as well as the prices of the domestic industry. Other than European Union, there are only imports from Hong Kong, which are negligible in volume. Therefore, the imports from these countries are not causing injury to the domestic industry.

**b. Contraction in demand**

93. It is noted that the demand of the subject goods has increased in the period of investigation. Therefore, possible contraction in demand cannot cause injury to the domestic industry.

**c. Changes in the pattern of consumption**

94. There has been no material change in the pattern of consumption of the product under consideration, which could have caused injury to the domestic industry.

**d. Trade restrictive practices and competition between the foreign and domestic producers**

95. The Authority notes that there are no trade restrictive practices or conditions of competition between the foreign and domestic producers brought to the notice of the Authority by any interested party, which could have contributed to the injury to the domestic industry.

**e. Developments in technology**

96. The Authority notes that there has been no material change in technology for production of the product to which the injury suffered by the domestic industry can be attributed.

**f. Export performance**

97. The Authority has considered data for the domestic operations only for injury assessment. Hence, any possible deterioration in the export performance of the domestic industry cannot be a cause for the injury to the domestic industry.

**g. Productivity**

98. The Authority notes that the productivity of the domestic industry has declined only due to decline in production and thus, injury to the domestic industry is not on this account.

**h. Performance of other products of the company**

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

**Conclusions on injury and causal link**

100. The Authority notes the following –

- i. There is significant dumping of the subject goods in India, resulting in increased demand for dumped imports.
- ii. The volume of dumped imports has increased in absolute terms as well as in relation to production and consumption.
- iii. While the market share of the subject imports has increased, the domestic industry has lost its market share.
- iv. As a result, the production and capacity utilization of the domestic industry have declined in the period of investigation.
- v. The imports are undercutting the prices of the domestic industry.
- vi. The imports have forced the domestic to sell its goods at reduced prices and have suppressed the prices of the domestic industry.
- vii. The domestic industry has suffered losses, cash losses and negative returns on capital employed.
- viii. The profitability parameters of the domestic industry have shown a negative growth in the period of investigation.

**K. POST DISCLOSURE COMMENTS**

**K.1 Submissions of the other interested parties**

101. The other interested parties have reiterated their submissions with regard to scope of product under consideration, and impact of duty. Additionally, it has been submitted that the product has been subject to duties since several years.

## **K.2 Submissions of the domestic industry**

102. The domestic industry has submitted as follows in its comments to the disclosure statement.
- a. The essential facts concerning injury and causal link which shall form the basis of the decision have not been disclosed.
  - b. As per Article 6.9 of the Anti-Dumping Agreement and as held in China - GOES (US), European Communities - Farmed Salmon (Norway) and by High Court in Nirma Limited Vs. Union of India, the disclosure statement should contain the conclusions of the designated authority on those essential facts which would form the basis for its decision as to whether or not to apply definitive measures. Therefore, the facts with regard to dumping, injury and causal link are required to be disclosed. This is paramount for ensuring the ability of the interested parties to defend their interests.
  - c. The producers in the subject countries have continued dumping despite long duration of duties indicating that such behaviour is not temporary.
  - d. The producers in China PR have an estimated capacity of 1.29 million MT which far exceeds the global demand of 0.5 million MT, leading to stiff competition for a limited demand.
  - e. There is no demand-supply gap supply as the domestic industry has sufficient capacity to cater to the entire demand in the country. Further, despite sufficient demand, the domestic industry was forced to operate underutilized capacities.
  - f. There exists a healthy market situation in the country with significant inter-se competition between the domestic producers, offering the consumers ample choices.
  - g. The domestic industry has been producing the subject goods for more than twenty-five years and has been trying to improve cost competitiveness based on market demands.
  - h. The producers in the subject countries are selectively selling the subject goods in India at prices which are below the prevailing prices in global markets as well as below the prices at which they themselves sell to other countries.
  - i. India is the second largest market for the producers in China PR.
  - j. The domestic industry is competing with Chinese producers whose costs and prices are severely distorted by government intervention, and thus, imposition of duties will offset such trade distortion.
  - k. The dumped goods have caused severe injury to the domestic industry and the imposition of duties would help in reviving the domestic industry providing for employment generation.
  - l. The product under consideration is merely a chemical or additive for the consumers forming only a limited share in the cost of production.

- m. The product under consideration is produced using only locally sourced raw materials and thus, the Indian industry provides a market to upstream raw material producers as well.
- n. None of the foreign producers / exporters have participated in the present investigation indicating their lack of concern for the investigation.
- o. In the absence of participation of consumers, there is no evidence of any adverse impact on the consumers. It is submitted that the impact of a duty @20% on various end use sectors would be 0.004% to 0.06%.
- p. The increase in product under consideration from non-subject countries during the period when duties were imposed on China, indicates the willingness of the third countries to supply material to India in fair market conditions.
- q. Imposition of duties would help in conservation of outgoing foreign exchange.

### **K.3 Examination by the Authority**

- 103. The Authority notes that some of the submissions by the domestic industry and other interested parties are repetitive in nature. These submissions have already been examined at appropriate places in the final findings. Further, the Authority has examined the additional submissions of the interested parties as under:
- 104. With respect to the submission of the interested parties regarding duration of duty, it is noted that in each of the past investigations, the Authority has found dumping, injury and causal link, or likelihood of continuation or recurrence of dumping or injury. Even in the present case, the Authority has found significant dumping, causing injury to the domestic industry. Therefore, despite previous history of duties, the producers in the subject countries have continued dumping. In such a situation, anti-dumping duty needs to be imposed, irrespective of the period of duty.
- 105. With respect to the submission of the domestic industry that the disclosure statement has not disclosed the essential facts concerning whether there is injury and causal link, the Authority notes that only the essential facts are required to be disclosed in the disclosure statement and the same has been done.

### **L. INDIAN INDUSTRY'S INTEREST**

- 106. The Authority notes that the purpose of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures would not restrict

imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers.

107. The Authority issued initiation notification inviting views from all interested parties, including importers, consumers and others. Authority also prescribed a questionnaire for the users/ consumers to provide relevant information with regard to present investigation, including possible effect of anti-dumping duty on their operations. It is noted that none of the users have participated in the investigation. However, the domestic industry has provided information with regard to impact of duty on downstream product. As per the information provided by the domestic industry, the impact of a duty of 20% on various end use sectors would be 0.004% to 0.06%.
108. The Authority notes that the product under consideration is being used as a chemical or additive, and not as a raw material and thus its cost constitutes only a small percentage of the cost of the downstream product. Therefore, the imposition of duties would not have an adverse impact on the prices of the downstream users.
109. It is further noted that the product under consideration has a history of dumping. Despite past history of duties, the dumping of the subject goods has not abated. The imports of subject goods from China PR were attracting duties till 2017. Once the duties expired, the foreign producers resumed dumping in the Indian market again. The Authority also notes that the evidence provided by the domestic industry shows that the price of subject imports is significantly lower than the prices at which the producers in the subject countries are supplying to other markets. As a result, India has emerged as a major export market for the producers in the subject countries, despite being self-sufficient in the product. Therefore, unless duties are imposed, the producers in the subject countries are going to continue injurious dumping.
110. It is recognized that the imposition of anti-dumping duty might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of this product. However, fair competition in the Indian market will not be reduced by the anti-dumping measure, particularly when the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measure would remove the unfair advantages gained by dumping practices, prevent the decline in the performance of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

## **M. CONCLUSION**

111. Having regard to the contentions raised, information received, submissions made and facts available before the Authority as recorded in these findings and on the basis of the

determination of dumping and consequent injury to the domestic industry made hereinabove, the Authority concludes that:

- i. The product under consideration has been exported from the subject countries at a price below the normal, resulting in dumping.
- ii. The volume of imports has increased in absolute terms as well as in relation to production and consumption.
- iii. The subject imports are undercutting the prices of the domestic industry.
- iv. The imports have suppressed the prices of the domestic industry.
- v. The production and capacity utilization of the domestic industry have declined during the period of investigation, despite capacity addition by the domestic industry.
- vi. The sales of the domestic industry have increased marginally during the period of investigation.
- vii. The market share of the domestic producers has declined, while that of imports has increased.
- viii. The inventories of the domestic industry have increased in the period of investigation.
- ix. The profitability of the domestic industry has shown a significant decline and the domestic industry has suffered losses, cash losses and negative returns on investment during the period of investigation.
- x. There is a causal link between the dumping of the product under consideration from the subject countries and injury to the domestic industry.
- xi. The injury margin determined in the present investigation is substantially lower than the dumping margin. Since the duty recommended is based on injury margin as per lesser duty rule, the duty recommended is fairly reasonable and it is not likely to cause any adverse impact on the downstream industry.

## **N. RECOMMENDATIONS**

112. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers and other interested parties to provide information on the aspects of dumping, injury and causal link thereof in terms of Rules and having established positive dumping margin as well material injury to the domestic industry caused by dumped imports from subject countries, the Authority is of the view that imposition of anti-dumping duty is necessary to offset dumping and injury.
113. In view of above, the Authority, in terms of provisions contained in Rule 17(1) (b) read with Rule 4(d) of the Rules, recommends imposition of anti-dumping duty equal to the lesser of margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. The Authority accordingly recommends imposition of anti-dumping

duty equal to the amount indicated in Column 7 of the table below on all imports of goods described in Column 3 of the duty table originating in or exported from China PR and Korea RP for a period of five years from the date of notification to be issued in this regard by the Central Government.

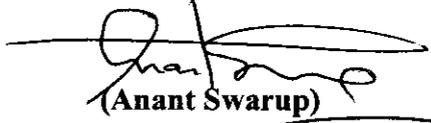
114. The landed value of imports for this purpose shall be assessable value as determined by the Customs under Customs Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

**DUTY TABLE**

SN	Tariff Heading	Description of goods	Country of origin	Country of export	Producer	Amount	Currency	Unit
1	2	3	4	5	6	7	8	9
1	2831 and 2832	Sodium Hydrosulphite	China PR	Any country including China PR	Any	440	USD	MT
2	2831 and 2832	Sodium Hydrosulphite	Any country other than China PR and Korea RP	China PR	Any	440	USD	MT
3	2831 and 2832	Sodium Hydrosulphite	Korea RP	Any country including Korea RP	Any	300	USD	MT
4	2831 and 2832	Sodium Hydrosulphite	Any country other than China PR and Korea RP	Korea RP	Any	300	USD	MT

**O. FURTHER PROCEDURE**

115. An appeal against the order for the Central Government that, may arise out of this recommendation shall lie in accordance with the relevant provisions of the Act.

  
(Anant Swarup)  
Designated Authority