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Government of India

Ministry of Commerce & Industry

Department of Commerce

Directorate General of Trade Remedies

Jeevan Tara Building, Parliament Street, New Delhi-110001

FINAL FINDING

(Case No. AD (SSR) 19/2021)

Dated 26th April, 2022

Subject: Sunset review investigation concerning imports of “Polytetrafluoroethylene (PTFE)” originating in or exported from China PR

A. BACKGROUND OF THE CASE

a. The Original Investigation

1. Having regard to 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’) thereof.
2. Whereas, having regard to the Act and the Rules, the original investigation concerning imports of Polytetrafluoroethylene (PTFE) (hereinafter also referred to as the subject goods or product under consideration or ‘PUC’) originating in or exported from China PR, was initiated by the Designated Authority (hereinafter referred to as ‘the Authority’) vide Notification No. 14/25/2003-DGAD dated 27th July 2004. The Authority notified the final findings vide Notification No. 14/25/2003-DGAD dated 25th July 2005, recommending definitive anti-dumping duty on the subject imports of the subject goods. The definitive anti-dumping duties on the subject goods imported from the subject country was imposed vide Notification No. 91/2005 Customs dated 17th October 2005. Subsequently, the Authority conducted a midterm review of the said definitive antidumping duty and recommended modification of the form of duty vide Notification No.15/33/2008-DGAD dated 26th February 2010. The recommendation of the Authority was implemented by the Ministry of Finance vide Custom Notification No. 42/2010 dated 5th April 2010. The duties so revised and imposed were continued pursuant to first sunset review vide Custom Notification No. 81/2011- Customs dated 24th August, 2011.
3. The Authority initiated the 2nd sunset review investigation vide Notification No. 15/11/2016-DGAD dated 8th July 2016 and recommended continued imposition of definitive anti-dumping duty vide Notification No. 15/11/2016-DGAD, dated 23rd June

2017. The Ministry of Finance extended definitive anti-dumping duty vide Notification No. 36/2017-Customs (ADD), dated 28th July 2017 on the imports of the subject goods from the subject country.

4. The Designated Authority concluded anti-circumvention investigation vide Final Findings No. ADD-AC-03/2020, dated 27th January 2021 and recommended extension of existing anti-dumping duty on ‘PTFE Products or Processed PTFE Components’ originating in or exported from China PR. The Ministry of Finance extended the duties on imports of processed PTFE components from China PR vide Notification No. 25/2021-Customs (ADD) dated 26th April, 2021. The said duty is co-terminus with the duty levied on PTFE from China PR.

b. Present Sunset Review Investigation

5. M/s Gujarat Fluorochemicals Limited (hereinafter referred to as the “Applicant”) filed a duly substantiated application before the Authority in accordance with Section 9A (5) of the Act read with Rule 23 of the Rules. After prima facie examination of the facts, the Designated Authority initiated Sunset Review (SSR) investigation vide Notification No. 7/4/2021-DGTR dated 16th September 2021 to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from China PR. Considering extension of duties by Ministry of Finance on Processed PTFE components or PTFE products, the Authority noted in the initiation that the said duty is co-terminus with the duty levied on PTFE from China PR. Accordingly, the conclusion drawn by the Authority in the present SSR investigation, shall also stand applicable on imports of PTFE products imported from China PR whether declared as originating or not.

B. PROCEDURE

6. The procedure described below has been followed with regards to the investigation.
 - i. The Authority, issued a public notice dated 16th September 2021 published in the Gazette of India Extraordinary, initiating Sunset Review Investigation concerning imports of the subject goods from the subject country.
 - ii. The Authority forwarded a copy of the public notice along with the questionnaire to the Embassy of the subject country in India, all known exporters, importers and industry associations (whose details were made available by the Applicant) and gave them the opportunity to make their views known in writing in accordance with Rule 6(2) of the AD Rules. They were advised to reply within thirty days from the date of publication of the notification or from the date of letters.
 - iii. They Authority provided a copy of the non-confidential version of the application to the known exporters and the Embassy of the subject country in accordance with Rule 6(3) of the AD Rules. A copy of the application was also provided to the other interested parties, as requested.

- iv. The Authority sent questionnaires to elicit relevant information to the following known producers/exporters in the subject country in accordance with Rule 6(4) of the AD Rules:
- M/s. Zhengxin Fluorocarbons
 - M/s. Shandong Dongyue Chemical Co., Ltd.
 - M/s. Changzhou Xiangtong Chemical Co. Ltd
 - M/s. Taizhou Meilan Resin Process Co. Ltd
 - M/s. ShanDong DongYue Polymer Material Co., Ltd.
 - M/s. DuPont (Changshu) Fluoro Technolozy Co. Ltd.
 - M/s. Sichuan Chenguang Institute of Chemical Industry
 - M/S. Jiangsu Meilan Chemical Co., Ltd
 - M/s. Juhua Group Corporation
 - M/s. Fuxin Hengtong Fluorine Pingan
- v. None of the producers/exporters from the subject country have filed the exporter's questionnaire response or made any submissions.
- vi. Nonetheless, the Authority requested the Chinese Embassy to attend and participate in the oral hearing scheduled on 16th Dec. 2021, vide its email dated 7th Dec. 2021.
- vii. Questionnaires were also sent to the following known importers, users and the association of the subject goods in India seeking necessary information in accordance with Rule 6(4) of the Rules:

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| 1. | M/s Meerut PTFE Products Pvt. Ltd. | 2. | M/s Trestar Elektroniks |
| 3. | M/s Tonk & Associates (P) Ltd. | 4. | M/s E.I. Dupont India Pvt. Ltd. |
| 5. | M/s T & F Insulations (P) Ltd. | 6. | M/s Sanghvi Products |
| 7. | M/s U. Goenka & sons Ltd, | 8. | M/s Pragati International, |
| 9. | M/s Venus Industries | 10. | M/s Supremo Polymer Industries |
| 11. | M/s Guarniflon India Pvt Ltd | 12. | M/s Tee Coating Industries, |
| 13. | M/s Pragati Plastic Pvt. Ltd | 14. | M/s Automate Industries, |
| 15. | M/s Dip Flon Engineering Co. | 16. | M/s Plastic Product engineering Co |
| 17. | M/s Corrosion Engineers, | 18. | M/s TFE Coating industries |
| 19. | M/s Mechanical Packing Industries, | 20. | M/s Mach Polymers. |
| 21. | M/s T& F Insulations Pvt Ltd. | 22. | M/s Ghaziabad Flopol Insulations Pvt. Ltd. |
| 23. | M/s Sanghvi Techno Products. | 24. | M/s Dip Flon Engg & Co. |
| 25. | M/s Jai hind polymers. | 26. | M/s Kanan Polymer. |
| 27. | M/s Dhvani Polymer Industries. | 28. | M/s Trestar Elektroniks |
| 29. | M/s Aflon Engg Corporation | 30. | M/s Tefkot Cable Company |
| 31. | M/s Packlon Industries. | 32. | M/s Electro Polymers Pvt. Ltd., |

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| 33. | M/s Angana International | 34. | M/s Plastic Products Engg Company |
| 35. | M/s Guarniflon India Pvt. Ltd. | 36. | M/s Fluoro Carbon Seals |
| 37. | M/s Fluoroplast Industries, | 38. | M/s S.N. Enterprise, |
| 39. | M/s Automat Industries, | 40. | M/s Precision Polymer Industries, |
| 41. | M/s Sanghvi Techno-Products, | 42. | M/s Sarasons Engineering Industries, |
| 43. | M/s Ganesh Flon, | 44. | M/s Pap-Flon Engineering Co., |
| 45. | M/s GMM Pfaudler Ltd, | 46. | M/s Fluoroflon Industry |
| 47. | M/s Poly Fluoro Products | 48. | M/s Vimal Polymer Industries |
| 49. | M/s Hindustan Polymers, | 50. | M/s Tefol Polymer Industries |
| 51. | M/s Dynamic (GLS) Industries | 52. | M/s Trimurti Polymers |
| 53. | M/s PTFE Rubber Works , | 54. | M/s Igatwin Polymers Private Limited, |
| 55. | M/s Mechanical Seals & Packaging Industries, | 56. | M/s Shraddha Polymer Industries |
| 57. | M/s Apex Polymers, | 58. | M/s Galaxy Thermoplast Pvt. Ltd., |
| 59. | M/s Modern Industrial Corporation, | 60. | M/s Moreflon Industries, |
| 61. | M/s J.K. Polymer Industries, | 62. | M/s Polymers, |
| 63. | M/s Vee Bee Industries, | 64. | M/s Garg Scientific Instruments, |
| 65. | M/s V.V. Fluoro Product, | 66. | M/s Shyam Polymers, |
| 67. | M/s S. Industries, | 68. | M/s Shyam Fluoro Products |
| 69. | M/s Kiran Engineering, | 70. | M/s Accurate Packing & Seals, |
| 71. | M/s Ashish Dies & Moulds, | 72. | M/s Fluoro-Tech Engineering Pvt. Ltd., |
| 73. | M/s National Fluoromers, Industrial | 74. | M/s Mask Seals Company, |
| 75. | M/s Neo Wires & Allied Products Pvt. | 76. | M/s Hi-Tech Polymers, |
| 77. | M/s Suflon Industries, | 78. | M/s Hindustan Nylons, |
| 79. | M/s Aarathy Engg. Plastics, | 80. | M/s Spareage India Ltd. |
| 81. | M/s Kedar Polymers, | 82. | M/s Babuji Electronics & Chemicals, |
| 83. | M/s Flora Enterprises Pvt. Ltd., | 84. | M/s Flucon Polymers Pvt. Ltd. |
| 85. | M/s Bafna Industrial Stores., | 86. | M/s Fluorokraft Private Limited., |
| 87. | M/s Industrial Spares Manufacturing & Trading Co. | 88. | M/s Indofab Engineers, |
| 89. | M/s Trelleborg Sealing Solutions (India) P. Ltd., | 90. | M/s PKN Caps & Polymers (P) Ltd. |

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| 91. | M/s Rollon Bearings P. Ltd. | 92. | M/s Karnataka Polymer Product |
| 93. | M/s Visan Polymers., | 94. | M/s MIL Industries Ltd., |
| 95. | M/s HIL Polymers | 96. | M/s Poly Fluoro Ltd. |
| 97. | M/s Rasaii Flow Lines, | 98. | M/s Siflon Polymers, |
| 99. | M/s Fluorotherm Industry, | 100. | M/s Finer Enterprises Pvt. Ltd. |
| 101. | M/s Xomox Sanmar Ltd., | 102. | M/s Three G Fluoropolymers Pvt. Ltd |

- viii. None of the importers have filed the importer's questionnaire response or made any submissions.
- ix. Accordingly, the Authority issued the final list of interested parties on 6th December, 2021, that only had the applicant, list as a registered interested party in this investigation.
- x. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. 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.
- xi. Further information was sought from the applicant to the extent deemed necessary.
- xii. Desk Verification of the domestic industry was conducted to the extent considered necessary for the purpose of the present investigations.
- xiii. The Non-Injurious Price (hereinafter referred to as 'NIP') based on the cost of production and cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and has been worked out so as to ascertain whether the present Anti-Dumping Duty is sufficient to remove injury to the domestic industry.
- xiv. Physical inspection through on-spot verification of the information provided by the Applicant, to the extent deemed necessary, was carried out by the Authority on 17th – 19th October, 2021 and 21st February, 2022. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of present final finding.
- xv. The period of investigation for the purpose of present review is 1st April 2020 to 30th March 2021 (12 months) (hereinafter referred to as the "period of investigation" or "POI"). The injury analysis period includes the period of investigation and the preceding three years, 2017-18, 2018-19 and 2019-20.
- xvi. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the details of imports of subject goods during the last four years, including period of investigation, and the same was received

- by the Authority. The Authority has used the DGCI&S imports data for computation of the volume and value of imports and injury analysis. In case of import data for “PTFE products” the Authority has considered data as received from DG systems from January 2020. The data for the period from April 2017 to Dec 2019 has been considered as per the anti-circumvention finding issued vide Notification no. 07/22/2020-DGTR dated 27th January 2021.
- xvii. In accordance with Rule 6(6) of the Anti-Dumping Rules, the Authority provided opportunity to the interested parties to present their views orally in the hearing held on 16th December 2021. The domestic industry was requested to submit their written submissions latest by 27th December 2021, as it was the only party that presented its views orally during the hearing.
 - xviii. A disclosure statement containing the essential facts in this investigation which would form the basis of the final findings was issued to the interested parties on 19.04.2022 and the interested parties were allowed time up to 21.04.2022 to comment on the same. The comments on the disclosure statement received from the interested parties have been considered, to the extent found relevant, in this final findings’ notification.
 - xix. The submissions made by the interested parties to the extent considered relevant by the Authority have been addressed in this final finding.
 - xx. 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 recorded its observation on the basis of the facts available.
 - xxi. *** in this final finding represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
 - xxii. Exchange rate considered for the POI for conversion of USD to Indian Rupees is 1 USD = Rs. 75.22

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Views of the domestic industry

7. The domestic industry has made the following submission with regard to the scope of the product under consideration and like article:
 - i. Present application being an application for sunset review, the scope of the product under consideration remains the same as was defined by the Authority in its previous finding.
 - ii. The product involved in the previous investigations and the present review investigation is “Polytetrafluoroethylene” (also referred to as PTFE).
 - iii. PTFE falls within Chapter 39 of the Customs Tariff Act, 1975 under custom subheadings 390461 and 39046100 of the Customs Tariff Act, 1975. The classification is however, indicative only and in no way binding on the scope of the present investigation.

- iv. There is no known difference in subject goods produced by the domestic industry and the subject good imported into India. They are comparable in terms of the technical specifications, quality, functions, or end-uses. The two are technically and commercially substitutable. The customers are using the two interchangeably. Hence, should be treated as like articles in accordance with the Rules.

C.2 Views of the other interested parties

8. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions with regard to the product under consideration and the like article.

C.3 Examination by the Authority

9. The present investigation is a sunset review investigation concerning anti-dumping duties imposed on imports of ' Polytetrafluoroethylene" (also referred to as PTFE)' originating in or exported from China PR. Hence, the product under consideration in the present investigation is also 'Polytetrafluoroethylene" (also referred to as PTFE)' originating in or exported from China PR.
10. PTFE is produced in various grades, such as molding grade, fine powder, aqueous dispersions, and compound grades of filled grades. All grades that were included in the scope of the previous case and current duties are within the scope of the present review. PTFE is primarily used in electrical, electronic, mechanical, and chemical industries for its unique characteristics like chemical inertness, electrical and thermal insulation, low coefficient of friction, non-toxic, non-flammable, resistance to radiation, low level of static and dynamic friction and outstanding electrical properties over a wide frequency range.
11. The product is classified under Customs Tariff sub-heading 39046100 of the Customs Tariff Act. This classification is, however, indicative only and in no way binding on the scope of the present investigation.
12. The Authority notes that the subject goods are being imported in various grades. The applicant had proposed Product Control Numbers (PCNs) in order to make a PCN to PCN comparison. Considering the parameters that impact the associated costs and prices of the product, and after taking into account the submissions made, the Authority has adopted PCN methodology which was notified vide Notification No. 7/4/2021-DGTR dated 28th October 2021. The PCN adopted in the present investigation is as follows:
 - a. PTFE,
 - b. PT-PTFE,
 - c. D-PTFE,
 - d. A-PTFE and

e. C-PTFE

13. It also noted that post the 2nd Sunset Review the Authority vide its final finding dated 27.01.2021 concluded that the PUC was being circumvented through export of PTFE products from China PR. Therefore, PTFE products imported from China PR have also been included, keeping in view the Customs Notification No. 25/2021-Customs dated 26.04.2021. Information on PTFE products has been considered in the present investigation wherever found appropriate by the Authority. It is noted that the duties on PTFE gets extended to PTFE products and the duties on PTFE products is co-terminus with PTFE.
14. The Authority notes from the information on record that the product under consideration produced by the domestic industry is “like article” to the goods imported from the subject country. The product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of technical specifications, functions or end-uses product specifications, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially interchangeable. Accordingly, the Authority holds that the subject goods produced by the applicant are ‘Like Article’ to the subject goods being imported from the subject country.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING**D.1 Views of the domestic industry**

15. The domestic industry has made the following submissions with regard to the domestic industry and the standing:
 - i. M/s Gujarat Fluorochemicals Ltd. has filed the application for reviewing the need of continued imposition of anti-dumping duty on PTFE. There is one other producer of PTFE in the country, apart from the applicant, namely, Hindustan Fluorocarbons Ltd. The applicant however continues to be a major producer of the subject goods in India and commands 99% share in the Indian production in the POI and, therefore, constitutes the domestic industry.
 - ii. The applicant has not imported the subject goods during the period of investigation, and further, is not related to any exporter or producer of the subject goods in the subject country or any importer of the product under consideration in India within the meaning of Rule 2(b).
 - iii. The applicant satisfies the standing requirement and constitutes the domestic industry within the meaning of the AD Rules.

D.2 Views of the other interested parties

16. None of the exporters, importers, consumers, and any other interested parties has filed any comment or submission regarding standing of the domestic industry.

D.3 Examination by the Authority

17. 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 ' must be construed as referring to the rest of the producers ".

18. The application has been filed by M/s Gujarat Fluorochemicals Ltd. There is one other producer of the subject goods apart from the applicant, namely, Hindustan Fluorocarbons Ltd.

19. Based on the information on record, the Authority notes that the applicant constitutes 99% of the total domestic production. Further, the applicant has not imported the subject goods during the period of investigation and is not related to any exporter or producer of the subject goods in the subject country or any importer of the product under consideration in India. Accordingly, the Authority holds that the applicant constitutes domestic industry under Rule 2(b) of the Rules and the application meets the requirements of 'standing' under Rule 5(3).

E. ASSESSMENT OF DUMPING AND DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

E.1. Views of the Domestic Industry

20. Views of the domestic industry with regards to normal value, export price and dumping margin, are as follows:

- i. The Chinese producers need to show that consistent with the provisions of Article 15(a)(i), market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of the subject goods failing which, the Designated Authority is not required to use Chinese prices or costs for the purpose of determination of normal value.
- ii. China should be treated as a non-market economy, and the domestic prices and cost cannot be considered unless the Chinese exporters demonstrate that the costs and domestic prices are appropriate and reasonably reflect the costs and price of the product under consideration. However, in the instant case none of the exporters have responded and hence the Designated Authority should consider the normal value as determined in terms of Para 7 of Annexure I of the Rules.

- iii. The applicant explored the options available under Para 7 of Annexures I to the Rules in the chronological order. However, relevant data was not available for the price in a market economy third country, and constructed value in a market economy third country. Exports of subject goods from market economy third country to other countries could not be ascertained as the subject goods does not have a dedicated code and there is a PCN involved. Apart from countries attracting duties, countries from which imports are significant into India are USA and EU. Prices of USA are not reliable as market intelligence suggests significant volume from Russia is now being trans-shipped from USA. Hence, prices from EU to India have been considered for determination of normal value.
- iv. Reliance has been placed on Kuitun Jinjiang Chemical Industry Co. Ltd. v. Union of India, level of development would be relevant only if the domestic sale price or cost of production of a market economy third country is adopted and not when exports from a surrogate country to third country or India is considered. When the second option under paragraph 7 is exercised for determination of the normal value, what is relevant is the volume of exports and the country concerned should not be dumping during the period of investigation, since these parameters will affect the price comparability in the Indian market.
- v. Export price has been calculated on the basis of DGCI&S transaction wise import data with due adjustments.
- vi. Dumping margin so calculated is quite significant despite imposition of anti-dumping duties. It is evident that the producers/exporters from the subject country are not only dumping subject goods in the POI but also shows that they would resort to further dumping of subject goods, should the present anti-dumping duties cease to exist. Further, this investigation warrants a transaction wise determination of dumping margin, due to significant variation in export price over the period.

E.2. Views of the other interested parties

- 21. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions with regard to normal value, export price and dumping margin.

E.3. Examination by the Authority

- 22. 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 meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
 - (ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of

the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either-

- (a) comparable representative price of the like article when exported from the exporting country' or territory or an appropriate third country as determined in accordance with the rules made under subsection (6); or
- (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 county other than the country of origin and where the article has been merely transhipped through the country of export or such article is not produced in the country of export or there is no comparable price in the county of export, the normal value shall be determined with reference to its price in the country of origin.

23. The Authority sent questionnaires to the known producers/exporters from the subject country, advising them to provide information in the form and manner prescribed by the Authority. However, none of the producers/exporters have filed a response in the present investigation.

Market Economy Status for Chinese Producers

24. 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 of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following Rules:
 - (i) If the producers under investigation can clearly show that market economy conditions prevail in the industry' producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

- (ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.
- (b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.
- (c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.
- (d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry, or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector. "

25. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of the WTO Agreement on Anti-dumping read with obligation under 15 (a) (i) of the Accession Protocol require criterion stipulated in para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since none of the producers/ exporters from China PR have submitted a response to in the present investigation, therefore, the normal value computation is required to be done as per provisions of para 7 of Annexure-I of the Rules.

26. Accordingly, the normal value for all the producers/exporters from the subject country have been determined as below.

Determination of Normal Value

27. As none of the producers from China PR have claimed determination of normal value on the basis of their own data/information, the normal value is 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 of the price or constructed value in the market economy third country, or the price from such a third country' to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Account shall also 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.

28. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other Country, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure-I.
29. The applicant submitted that the price at which product under consideration has been sold from market economy third country, i.e., European Union to India should be considered for the purpose of determination of normal value.
30. The Authority also notes the existing jurisprudence on constructing the normal value in case of a non-market economy contained in the Supreme Court judgement in Shenyang Mastsushita S. Battery Co. Ltd. vs M/s Exide Industries Ltd. (Civil Appeal No. 617112003 dated 2312/2005), Guwahati High Court in M/s Century Plyboards (I) Ltd & Anr.-vs- Union of India & tur. (W.P No. 6568/2017 dated 411012018) and CESTAT, Principal Bench, New Delhi in Apollo Tyres Ltd, vs Union of India (Appeal No.

C1768,600,601,773,769/2005-AD-dated91912005), Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India (Appeal no. 52291 of 2019 dated 5th August 2020). These judgements provide directions regarding implementation of para 7 of annexure 1 to AD Rules with respect to the choice of an appropriate option, and associated obligations thereof.

31. It is seen that apart from the subject country, import volume from other countries attracting ADD and European Union were significant. Since dumped sources cannot be considered as an appropriate country, the Authority, prima facie, found imports from European Union into India as an appropriate basis to determine normal value at the stage of initiation.
32. The Authority notes that normal value could not be determined on the basis of prices or constructed value of the product in an appropriate market economy third country or the export prices from such a third country to other countries, as the relevant information has neither been made available by the applicant or an interested party, nor is available with the Authority from any public source. Since the subject goods require a PCN wise analysis hence, it would not be possible to consider price from market economy third country to other countries as a basis of normal value as PCN wise information is not available.
33. In case of considering normal value on the basis of price from market economy third country to India, i.e. imports from European Union to India, the Authority observes that the same is also not appropriate anymore as the investigation requires a PCN wise determination. Further, majority of imports from China PR are of one particular PCN i.e. PTFE and the same is not being imported from European Union to India. Therefore, the adoption of import price from European Union (as done at the stage of initiation), is not representative of the normal value for subject goods in China PR.
34. Accordingly, normal value is determined on the basis of the price actually paid or payable in India on the basis of estimates of cost of production, duly adjusted to include selling, general & administrative costs of the domestic industry by adding reasonable profits.

Determination of Export Price

35. None of the exporters from the subject country have provided any information/details of the export price.
36. The export price reported in DGCI&S is CIF export price. Therefore, the export price at ex-factory level has been determined after making due adjustments for Commission, Bank Charges, Port Expenses, and Inland Freight Charges. Further, since none of the Chinese producers have preferred cooperation, the price adjustments have been made on the basis of information available on record.

37. As stated above, the Designated Authority had earlier conducted an anti-circumvention investigation and concluded the same vide Final Findings No. ADD-AC-03/2020, dated 27th January 2021 recommending extension of existing anti-dumping duty to imports of 'PTFE Products or Processed PTFE Components' originating in or exported from China PR. The Ministry of Finance extended the duties vide Notification No. 25/2021-Customs (ADD) dated 26th April, 2021. Therefore, the Authority has determined dumping margin for imports of PTFE products from China as well. Due adjustment is carried out for the value addition undertaken in producing PTFE products from PTFE. Since, none of the exporters have cooperated in the present investigation, therefore, the Authority has considered value addition as computed in the anti-circumvention investigation. The export price is determined at ex-factory level in these circumvented products. Further, the Authority has considered normal value determined for the type of PCN of product under consideration used to produce that particular type of circumvented product, i.e., PTFE product after making due adjustments on account of value addition, to compare with the export price calculated.

38. Accordingly, the Authority has considered a cumulative net export price of PTFE and PTFE products from China PR. Therefore, the weighted average net export price so determined is indicated in the dumping margin table below:

Determination of Dumping Margin

39. On the basis of the above stated normal value and export price so determined at ex-factory level, the dumping margin is determined. The dumping margin has been determined cumulatively for PTFE and PTFE products. The normal value has been considered for comparing the export price of each PCN from the subject country for calculating dumping margin. The weighted average dumping margin is indicated in table below:

| SN | Particulars | Normal value | Net export price | Dumping Margin | Dumping Margin | Range |
|----|-------------|--------------|------------------|----------------|----------------|-------|
| | | USD/KG | USD/KG | USD/KG | % | % |
| 1 | China PR | *** | *** | *** | *** | 0-10 |

40. It is seen that the dumping margin is positive in respect of imports from China PR.

F. EXAMINATION OF INJURY AND LIKELIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

F.1 Views of the Domestic Industry

41. The following submission were made by the domestic industry with regard to injury and causal link:

- i. The import volume both in absolute & relative terms remained consistent over the period. Demand increased over the period, with slight dip in 2019-20 and increased again in POI.
- ii. Price undercutting is positive and significant forecasting likely prices at which the subject goods will be sold in India, if duties cease to exist.
- iii. There is price depression in the POI when compared to 2018-19. There is also price suppression on the domestic industry, as it would be seen that landed price has declined over the period even when the cost of sales has in fact increased. Thus, the domestic industry was prevented from increasing its selling price, to the extent it could have.
- iv. Capacity, production, capacity utilization and domestic sales have increased over the period. However, the production and capacity utilization in the POI remained lower than levels achieved in 2018-19.
- v. Market share in the demand of the domestic industry has increased over the period, and that of the subject imports has remained consistent. This share gained by the domestic industry has been gained over from the market share of Russia and third country imports.
- vi. Profitability, cash profits and ROI improved upto 2018-19, then declined drastically in 2019-20, and have once again improved in the POI. However, these are still below levels achieved in 2017-18 and 2018-19. The reason for recovery is anti-circumvention investigation, and in any case this will not last as Chinese producers have already started reducing prices.
- vii. Inventory declined upto 2018-19, increased significantly in 2019-20 and increased in the POI as well.
- viii. While the domestic industry was able to improve its performance in the POI, overall performance continues to be fragile. The domestic industry suffers injury whenever the Chinese or Russian producers resort to aggressive pricing and performs well whenever exporters price their product reasonably.
- ix. However, levels achieved in the POI are still way below the levels achieved in 2018-19. Two tables have been provided by the domestic industry which give explanation behind this trend, 1st provides an average of all grades and 2nd Table provides trend for PTFE type of which there are majority of imports. In 2018-19, when import prices of China were the highest, then the domestic industry registered the highest trends in that year. However, post that with decline in import price and increase in cost, the domestic industry's trends again registered a decline in performance.
- x. In POI, the domestic industry was able to register improvement in performance (though below levels achieved in 2018-19) despite consistent imports in terms of

- volume and being low priced, as imports of the circumvented product i.e. Processed PTFE components declined significantly. This due to initiation of circumvention investigation. Value of PTFE products reduced by almost 3 times in the POI.
- xi. Production in China PR is almost 7 times the total installed capacity of the domestic industry.
 - xii. Domestic consumption in China has a declining trend, whereas the exports have been increasing. As per information available, as of 2020, China had an excess capacity of 1,24,253 MT.
 - xiii. As per Global Market monitor, a company providing global market research, reported that in 2020, the domestic operating rate in China was 60%, which was expected to increase in 4th quarter of 2021. Thus, the capacity is largely unutilised.
 - xiv. Shandong Dongyue Group, a producer/manufacturer of PTFE, stated that it will be expanding its capacity by 20,000 MT in 2021 indicating imminent increase in capacity
 - xv. Chinese producers maintained their presence in the Indian market even by circumventing duties imposed by exporting goods PTFE products.
 - xvi. The subject imports are priced much below the prices of the domestic industry and cessation of duty would lead to further channelization of their output in the Indian market, as is evident from the significant price undercutting calculated without duties.
 - xvii. Indian market is price sensitive. Should the domestic industry either reduce its price at the level of imports or maintain its selling price and lose sales volume, in either case injury will be suffered. Thus, all parameters would witness a significant deterioration.
 - xviii. The applicant has never profited because of measures imposed. Historical examination of ROI would show that even the highest level achieved is below the levels considered appropriate by the Authority. The assumption that duties get added to the selling price is thus false. The applicant focused on satisfying the customer and achieving shifting of consumers from American/European products to the domestic product.
 - xix. Intention is to protect from unfair trade practice and not to monopolise. Reasonable pricing is evident from prices of the domestic industry which is lower than prices of rest of the world.
 - xx. Downstream industry producing PTFE products successfully addressed circumvention along with the domestic industry. Due to corrective action downstream industry grew not just in volumes but in terms of product profile as well.
 - xxi. At the time of the original investigation there existed only 1 company which was a public sector undertaking, which had limited product profile. The capacity is currently at *** MT which started at *** MT. This is against an demand of *** MT. Therefore, more than capable to cater to Indian demand. Full product profile is being offered that is offered by Chinese/Russian exporters. Product profile has increased and the applicant's product is slowly replacing the America and European products. This shows the measures have facilitated growth.

- xxii. Considering the growth levels of the applicant over the years, significant capital has also been invested in the process. considering the enormity of operations involved in production of the subject goods, it is an achievement for the applicant company that loans have such an insignificant share.
- xxiii. Considering significant volume of export sales, domestic industry has generated a lot of forex earnings for the country.
- xxiv. The domestic industry is catering to developed export markets, which shows that its production quality is at par with levels required to by their standards.
- xxv. Historically it would be seen that the domestic industry has always priced the product reasonably depending on the market and the motive behind pricing was never earning profits to the extent of exploitation
- xxvi. The applicant assisted the downstream industry (part of MSME) a scattered industry, and they participated in the circumvention investigation as it was in their interest.
- xxvii. Consumers of the PUC are more than 150 in number, employing about 5000 people. Had duties been of adverse effect on consumers, there would have been a response to that effect. However, there are no responses/comments in this investigation. The applicant is a producer of full range of PTFE types and has a good track record with all customers.
- xxviii. Primary production process involved at the stage of producing PTFE i.e., plant & equipment, production technology, manufacturing activities/ efforts. Value addition is largely in producing PTFE and is quite low for consumer industry. Consumers are of pass-through industry. PTFE is a complicated and technical product involving advanced technology and investment, due to which the applicant has a backward integrated plant. This indicates high level of value addition for producing PTFE, unlike consumer industry which has low value addition. Therefore, extension of duties is necessary for continued existence of the domestic producer that is a key supplier and supports the consumer industry in other products being produced.
- xxix. To maintain production standards and quality for both domestic and export markets, huge efforts are made in research and development activities. Evidence of the domestic industry not misusing duties to earn high profits, is that its prices are materially lower than non-Chinese/Russian prices.
- xxx. The applicant has never been accused by downstream industry that duties were mis-utilised and a policy of monopolistic pricing was followed. All evidence shows the contrary. Value addition of the applicant at an integrated level is much as 150%. Should there be a hurdle in production of PTFE, the entire chain comes to a halt. Production and viability of each product in the chain is important to ensure viability of operations as a whole. PTFE viability must for entire company's viability due to inter-dependence of different products.
- xxxi. While it is the third SSR investigation, domestic industry has suffered continued injury until last investigation conducted. Due to insufficiency to counteract dumping, MTR investigation was conducted and form of duties were revised. However, the domestic industry again suffered when Chinese producers/exporters

- attempted circumvention. While duties have been in place for long, they have not been effective for that period, as is evident from history of past investigations.
- xxxii. Significant pricing difference within one grade itself between Chinese exporters. Eg. while Daikin sold at 926 US\$/MT, Zhejiang sold at a price of 461 USD/MT. This is evidence of erratic pricing policy that has no correlation with cost or business dynamics.
 - xxxiii. Import prices of grades DF102 and F201 shows major price fluctuation over the injury period. Such erratic pricing patterns cannot be correlated with pricing of Fluorospar. This is another evidence that no pricing pattern is followed by Chinese producers/exporters while undertaking business.
 - xxxiv. Peculiar issue in sunset reviews as well as in this case which shows evasion of duties on one hand and likelihood of dumping and injury on the other hand. There is a significant difference in import volume reported by DGCI&S and as reported in China's customs data. Data given shows difference in volume is as high as 88%. Even difference in rates reported as per the two systems is quite different, i.e. a difference of approx. 2 USD/Mt which is very high for a product like PTFE.

F.2 Views of Interested Parties

- 42. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions with regard to injury and likelihood of continuation or recurrence of injury.

F.3 Examination by the Authority

- 43. Rule 11 of the Anti-dumping 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 article and the consequent effect of such imports on domestic producers of such articles.
- 44. Rule 23 of the Rules provides that the provisions of Rules 6,7,8,9,10,11,16,18,19 and 20 shall apply mutatis mutandis in case of a sunset review. The Authority in its examination has evaluated the injury parameters which are required under Rules and Annexure II of the Rules and has also examined as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.
- 45. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in the dumped imports, either in absolute term or relative to production or consumption in India. For examining price effect of dumped imports, the Authority investigates whether there has been a significant price undercutting by the dumped imports as compared to the price of the like article in India, or whether the effect of such imports is otherwise to depress the prices to a

significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

46. 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. The injury analysis made by the Authority hereunder addresses the various submissions made.

I. Volume Effect of Dumped Imports of the Domestic Industry

a) Assessment of Demand

47. Demand or apparent consumption of the product in India has been determined as the sum of domestic sales of the Indian producers and imports from all sources. For the purpose of injury analysis, the Authority has relied on the transaction wise import data procured from DGCI&S and DG Systems. Further, the Authority has examined and included imports of processed PTFE into the volume of imports. However, the Authority has considered only those import transactions wherein the unit of measurement was the prescribed unit, i.e., weight which comprise more than 90% (by value) of the transactions.

| Particular | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|---------------------------------|-----------|-------------|-------------|-------------|-------------|
| Import of PTFE | | | | | |
| Subject Country - China PR | MT | 700 | 1024 | 763 | 775 |
| Trend | | 100 | 146 | 109 | 111 |
| Other Country attracting ADD | MT | 568 | 479 | 787 | 539 |
| Trend | | 100 | 84 | 139 | 95 |
| Russia | MT | 567 | 18 | 296 | 129 |
| Trend | | 100 | 3 | 52 | 23 |
| Korea - Circumvented | MT | 1 | 462 | 491 | 409 |
| Trend | | 100 | 92153 | 97915 | 81681 |
| Other Countries | MT | 1299 | 982 | 1031 | 1310 |
| Trend | | 100 | 76 | 79 | 101 |
| Total Import into India | MT | 2567 | 2485 | 2581 | 2623 |
| Trend | | 100 | 97 | 101 | 102 |
| Sales of Indian Producers | MT | *** | *** | *** | *** |
| Trend | | 100 | 112 | 108 | 119 |
| Sales of Domestic Industry | MT | *** | *** | *** | *** |
| Trend | | 100 | 112 | 108 | 120 |
| Sales of Other Indian Producers | MT | *** | *** | *** | *** |
| Trend | | 100 | 73 | 88 | 7 |

| | | | | | |
|--|----|------|------|------|-----|
| Total Demand in India excluding PTFE products | MT | *** | *** | *** | *** |
| Trend | | 100 | 105 | 105 | 112 |
| Imports of PTFE products | | | | | |
| Imports from China PR | MT | 1386 | 1588 | 1414 | 256 |
| Trend | | 100 | 115 | 102 | 18 |
| Other countries | MT | 1359 | 1501 | 1075 | 1 |
| Trend | | 100 | 110 | 79 | 0 |
| Total Demand in India including PTFE products | MT | *** | *** | *** | *** |
| Trend | | 100 | 108 | 100 | 80 |

48. It is seen that the demand for the product has shown a consistent increase over the injury period, except in 2019-20 and the POI when it registered a slight decline.

b) Import Volumes and Market Share

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

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|--|---------|---------|---------|---------|-----|
| Imports (PUC+PUI) in relation to consumption | % | *** | *** | *** | *** |
| Trend | Indexed | 100 | 116 | 118 | 62 |
| Imports (PUC+PUI) in relation to production | % | *** | *** | *** | *** |
| Trend | Indexed | 100 | 91 | 94 | 41 |

50. It is seen that imports of PTFE from China, increased in both absolute terms as also in relation to production and consumption in India except in 2018-19 when there was a sharp increase in imports. Further, despite ADD in place, the volume of imports of PTFE has increased significantly in the POI, in both absolute terms and in relation to production and consumption in India.

51. In view of the submission made by the domestic industry regarding considerable difference in import price and import volume of PTFE as per Indian customs and Chinese customs, the Authority has also examined the customs data of China. The table below shows the comparison:

| Particular | Volume MT | Rate US\$/MT |
|------------|-----------|--------------|
|------------|-----------|--------------|

| | Indian customs | China Customs | Indian customs | China Customs | Difference |
|---------|-----------------------|----------------------|-----------------------|----------------------|-------------------|
| | MT | MT | (CIF) | (FOB) | % |
| 2017-18 | 700 | 676 | 9.8 | 8.09 | -17% |
| Trend | 100 | 100 | 100 | 100 | 100 |
| 2018-19 | 1024 | 1112 | 10.05 | 9.55 | -5% |
| Trend | 146 | 164 | 103 | 118 | 146 |
| 2019-20 | 763 | 991 | 7.22 | 6.49 | -10% |
| Trend | 109 | 147 | 74 | 80 | 109 |
| POI | 775 | 3347 | 6.82 | 4.12 | -40% |
| Trend | 111 | 495 | 70 | 51 | 111 |

52. The Authority notes that whereas export volumes reported in China customs and import volumes reported in Indian customs were quite comparable for the period upto 2018-19, the difference was significant in 2019-20 and increased significantly in the investigation period. The Authority notes that there could be some difference in the export volumes reported by China customs and import prices reported by Indian customs due to the consignment sailing time. Barring these, there appears no plausible reason for material difference between the volume of exports reported by China customs and volume of imports reported by Indian customs.

53. The Authority notes that the reason for such significant difference in the volume and price of exports-imports reported by the two customs authorities is beyond the scope of the present investigation.

II. Price Effect

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

a) Price Undercutting

55. With regard to the effect of the dumped imports on prices, it is required to be analyzed whether there has been a significant price undercutting by the dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress the prices or prevent price increases, which otherwise would have occurred in the normal course. For the reasons explained hereinabove, the Authority has determined price undercutting for the PTFE products.

| Particular | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|--|-------|---------|---------|---------|--------|
| Considering both PTFE + PTFE products | | | | | |
| Import volume | MT | 2,086 | 2,612 | 2,472 | 1,031 |
| Trend | | 100 | 125 | 119 | 49 |
| Landed price of imports | Rs/Kg | 565.15 | 662.77 | 526.89 | 584.29 |
| Trend | | 100 | 117 | 93 | 103 |
| Landed price of imports (with ADD) | Rs/Kg | 862.20 | 977.06 | 762.90 | 768.20 |
| Trend | | 100 | 113 | 88 | 89 |
| Net sales realization | Rs/Kg | *** | *** | *** | *** |
| Trend | | 100 | 122 | 101 | 105 |
| Price undercutting | Rs/Kg | *** | *** | *** | *** |
| Price undercutting | % | *** | *** | *** | *** |
| Price undercutting | Range | 0-10 | 10-20 | 10-20 | 0-10 |

56. It is seen that landed price of imports without ADD is below selling price of the domestic industry and are thus undercutting the prices of the domestic industry. Price undercutting is significantly positive in case of both PTFE and PTFE products.

b) Price Suppression and Depression

57. In order to assess as to whether imports from the subject country were suppressing/depressing the prices of the domestic industry and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority has compared the cost of production and net selling price of the domestic industry over the injury period along with the landed price of imports over the injury period, and shown in the table below:

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|---|-------|---------|---------|---------|-----|
| Landed price of imports without ADD (both PTFE & PTFE products) | Rs/Kg | 565 | 663 | 527 | 584 |
| Trend | | 100 | 117 | 93 | 103 |
| Cost of Sales | Rs/Kg | *** | *** | *** | *** |
| Trend | | 100 | 109 | 125 | 119 |
| Selling price | Rs/Kg | *** | *** | *** | *** |
| Trend | | 100 | 122 | 101 | 105 |

58. It is seen that, both, the cost of sales and the selling price has increased over the injury period. However, the increase in selling price is lower than the increase in cost. Thus, imports have had suppressing effect over the injury period.

59. During the injury period, the selling price and landed price of imports increased till 2018- 19. However, in 2019-20, while cost of sales, increased the selling price of the domestic industry registered a significant decline compared to the previous year. In 2019-20, the applicant industry suffered from low price of imports from the subject country, Russia (including Korea RP) as well as from circumvented PTFE products. Further, in the POI, the cost has seen a decline as compared to previous year whereas the selling price has shown increase thus, the imports were not causing price suppression and depression in the POI.

III. Economic Parameters of the Domestic Industry

60. Annexure II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on domestic producers of such products. With regard to the consequent impact of dumped imports on domestic producers of such products, the Anti-dumping Rules further provide that the examination of the impact of the dumped imports on the Domestic industry should include an objective and unbiased evaluation of all relevant economic facts 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. The Authority has examined the injury parameters objectively considering various facts and submissions made.

a) Production, Capacity, Capacity Utilization and Sales

61. Capacity, production, sales, and capacity utilization of the domestic industry over the injury period is given in the following table:

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|----------------------|------|---------|---------|---------|-----|
| Capacity | MT | *** | *** | *** | *** |
| Trend | | 100 | 113 | 119 | 119 |
| Gross Production | MT | *** | *** | *** | *** |
| Trend | | 100 | 139 | 126 | 122 |
| Capacity Utilization | % | *** | *** | *** | *** |
| Trend | | 100 | 123 | 107 | 102 |
| Domestic Sales | MT | *** | *** | *** | *** |
| Trend | | 100 | 112 | 108 | 120 |

62. It is noted that:

- i. Capacity of the domestic industry has increased upto 2019-20 and remained the same in the POI.

- ii. Production increased till 2018-19 and declined thereafter.
- iii. Sales of the domestic industry increased till 2018-19 and declined in 2019-20. Sales have again increased in the POI.
- iv. Capacity utilization increased till 2018-19 but has declined since then including in the POI. It is noted that there is idle capacity available with the domestic industry.

b) Profitability, Return on Investment and Cash Flow

63. The return on investment, profit/loss before and after interest, return on investment and cash profit during the injury period is as indicated in the table below:

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|--------------------------------------|---------|---------|---------|---------|-----|
| Cost of Sales | Rs/Kg | *** | *** | *** | *** |
| Trend | | 100 | 109 | 125 | 119 |
| Selling price | Rs/Kg | *** | *** | *** | *** |
| Trend | | 100 | 122 | 101 | 105 |
| PBT per unit | Rs/Kg | *** | *** | *** | *** |
| Trend | | -100 | -172 | -8 | -51 |
| Total Profit before Tax | Rs.Lacs | *** | *** | *** | *** |
| Trend | | -100 | -193 | -9 | -61 |
| Total Profit before interest and Tax | Rs.Lacs | *** | *** | *** | *** |
| Trend | | -100 | -195 | -21 | -83 |
| Cash Profit | Rs.Lacs | *** | *** | *** | *** |
| Trend | | 100 | 187 | 25 | 75 |
| PBIT as % of Avg Capital Employed | % | *** | *** | *** | *** |
| Trend | | -100 | -167 | -24 | -81 |

64. It is seen that:

- i. The domestic industry registered an improvement in performance in terms of profits in 2018-19. However, the same registered a steep decline in 2019-20. This is the period where the domestic industry was suffering on account of low-priced imports from China and Russia and also from circumvention practices engaged by the producers in these countries. The Authority initiated an anticircumvention investigation in the POI and the imports have declined significantly in the POI. Further, the Authority recommended enhancement of duty on Russian imports. There was some improvement in price parameters of the domestic industry as a result of circumvention investigations and extension of ADD. However, the profitability of the domestic industry remained materially below previous levels.
- ii. Profits before interest, cash profits, ROI have followed the same trend. However, it is noted that for all the aforementioned parameters the domestic industry has not

been able to achieve the levels in the POI, as achieved in the base year and 2018-19.

c) Market Share in Demand

65. Market share of the domestic industry in demand for the product under consideration is given in the table below:

| Market Share in Demand | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|--|-------------|----------------|----------------|----------------|------------|
| Domestic Industry | % | *** | *** | *** | *** |
| | Indexed | 100 | 104 | 108 | 150 |
| Other Indian Producers | % | *** | *** | *** | *** |
| | Indexed | 100 | 68 | 87 | 9 |
| Imports from China PR | % | *** | *** | *** | *** |
| | Indexed | 100 | 136 | 109 | 138 |
| Imports from Other Country attracting ADD | | | | | |
| Russia | % | 6.41 | 0.18 | 3.33 | 1.82 |
| Korea – Circumvented | % | 0.01 | 4.84 | 5.52 | 5.77 |
| Total Imports | % | 6.41 | 5.03 | 8.85 | 7.59 |
| Other Countries | % | 14.67 | 10.30 | 11.60 | 18.47 |
| Imports of Processed PTFE | | | | | |
| China PR | % | 15.65 | 16.66 | 15.91 | 3.61 |
| Other countries | % | 15.34 | 15.75 | 12.10 | 0.00 |
| Total Share in Demand | % | 100 | 100 | 100 | 100 |

66. It is seen that the market share of domestic industry has increased and market share of imports from subject country has also increased. Further, consideration of China customs data indicates that market share of domestic industry would show decline whereas that of subject imports would show further increase.

67. It is also seen that the domestic industry has capacities sufficient to meet the entire Indian demand. Further, the domestic industry was faced with significant underutilised production capacities.

d) Employment, Productivity and Wages

68. The analysis of the number of employees employed by the domestic industry, its productivity and wages paid shows as follows:

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|--------------------|-------------|----------------|----------------|----------------|------------|
| Employment | Nos. | *** | *** | *** | *** |

| | | | | | |
|---------------------------|---------|-----|-----|-----|-----|
| Trend | | 100 | 117 | 117 | 117 |
| Productivity per day | MT | *** | *** | *** | *** |
| Trend | | 100 | 139 | 126 | 122 |
| Productivity per Employee | MT | *** | *** | *** | *** |
| Trend | | 100 | 119 | 108 | 104 |
| Wages | Rs.Lacs | *** | *** | *** | *** |
| Trend | | 100 | 117 | 143 | 141 |

69. It is seen that the employment with the domestic industry has increased over the injury period with increase in capacity. The wages have increased throughout the injury period. Productivity per employee and per day increased till 2018-19 but declined in the POI, due to decline in production.

e) Inventories

70. Inventory position with the domestic industry over the injury period is given in the table below:

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|-------------------|------|---------|---------|---------|-----|
| Opening Stock | MT | *** | *** | *** | *** |
| Trend | | 100 | 54 | 78 | 85 |
| Closing Stock | MT | *** | *** | *** | *** |
| Trend | | 100 | 144 | 157 | 166 |
| Average Inventory | MT | *** | *** | *** | *** |
| Trend | | 100 | 86 | 106 | 113 |

71. Average inventories with the domestic industry declined upto 2018-19 but has increased in the POI despite significant demand in the country.

f) Growth

72. It is seen that the growth of the domestic industry in terms of domestic sales, selling price, profitability, cash profit, and ROCE, has been positive in the POI, when compared to the previous year. However, it is noted that the improvement registered in the POI is not to extent of the levels achieved in 2018-19 as well as the base year.

| Growth Compared to Previous Year | Unit | 2017-18 | 2018-19 | 2019-20 | POI |
|----------------------------------|------|---------|---------|---------|-----|
| Production | % | - | *** | *** | *** |
| Domestic Sales Volume | % | - | *** | *** | *** |
| Cost of sales domestic | % | - | *** | *** | *** |
| Selling price domestic | % | - | *** | *** | *** |
| Profit/Loss domestic | % | - | *** | *** | *** |

| | | | | | |
|---------------|---|---|-----|-----|-----|
| Average stock | % | - | *** | *** | *** |
|---------------|---|---|-----|-----|-----|

g) Factors affecting domestic prices

73. The examination of the import prices from the subject country, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market, etc. shows that the landed value of imported material from the subject country is below the selling price of the domestic industry, NIP and cost of sales in the POI. The demand for the subject goods increased significantly over the injury period. The price of imported goods is below the net sales realization, cost of production and also below the non-injurious price of the domestic industry.

h) Magnitude of Dumping Margin

74. The dumping margin determined against the subject country is above the de-minimis level and significant.

i) Magnitude of Injury and Injury Margin/ Price underselling

75. The Authority has determined Non-injurious Price (NIP) for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry and duly certified by the practicing cost accountant for the period of investigation. The non-injurious price has been considered for comparing the landed price of each PCN from the subject country for calculating injury margin. For determining the non-injurious price, the best utilisation of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilization of production capacity 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 product under consideration was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and being followed.

76. As noted earlier, the Designated Authority had earlier conducted anti-circumvention investigation and concluded the same vide Final Findings No. ADD-AC-03/2020, dated 27th January 2021 recommending extension of existing anti-dumping duty to imports of 'PTFE Products or Processed PTFE Components' originating in or exported from China PR. The Ministry of Finance extended the duties vide Notification No. 25/2021-Customs (ADD) dated 26th April, 2021. Therefore, the Authority has determined injury margin for imports of PTFE products from China as well. Due adjustment has been carried out for the value addition undertaken in producing PTFE products from PTFE. Since none

of the exporters have cooperated in the present investigation, therefore, the Authority, has considered value addition as computed in the anti-circumvention investigation.

77. The injury margin has been determined cumulatively for PTFE and PTFE products. The weighted average injury margin based on the methodology elaborated above is shown in the table below:

| SN | Particulars | NIP | Landed price | Injury margin | Injury margin | |
|----|-------------|--------|--------------|---------------|---------------|-------|
| | | USD/KG | USD/KG | USD/KG | % | Range |
| A | China PR | *** | 7.50 | *** | *** | 10-20 |

78. The injury margin is found to be positive for the POI as indicated in the table above.

G. CAUSAL LINK AND OTHER FACTORS (NON-ATTRIBUTION ANALYSIS)

79. The Authority examined whether other factors listed under the Rules caused injury to the domestic industry.

a. Volume and value of imports not sold at dumping prices

80. Imports from Russia and Korea RP are significant and are also attracting anti-dumping duty. Imports from other countries are not significant in volume or their prices are higher.

b. Contraction in demand or changes in the pattern of consumption

81. Demand for the product under consideration has not registered any negative growth in the POI. Instead, it has increased and shown a positive growth. The pattern of consumption with regard to the product under consideration has also not undergone any change.

c. Trade restrictive practices of and competition between the foreign and domestic producers

82. There is no known trade restrictive practice.

d. Developments in Technology

83. Technology for production of the product has not undergone any change nor is any change likely in the foreseeable future.

e. Export Performance

84. The applicant exports the product under consideration. Injury information has been segregated and therefore it could not be the factor responsible for injury claimed by the domestic industry.

H. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY

85. The Authority notes that this is a sunset review investigation. The domestic industry has claimed that it is not suffering any continued injury and that it is likely to suffer injury in the event of cessation of anti-dumping duty. Accordingly, the Authority has examined the likely scenario of continuation of dumping and recurrence of injury on account of dumped imports, if anti-dumping duty is allowed to expire.

H.1 Views of the domestic industry

86. Following submission were made by the domestic industry with regard to likelihood of continuation or recurrence of injury and dumping:
- i. Production in China PR is almost 7 times the total installed capacity of the domestic industry.
 - ii. Domestic consumption in China has a declining trend, whereas the exports have been increasing. As per information available, as of 2020, China had an excess capacity of 1,24,253 MT.
 - iii. As per Global Market monitor, a company providing global market research, reported that in 2020, the domestic operating rate in China was 60%, which was expected to increase in 4th quarter of 2021. Thus, the capacity is largely unutilised.
 - iv. Shandong Dongyue Group, a producer/manufacturer of PTFE, that it will be expanding its capacity by 20,000 MT in 2021 indicating imminent increase in capacity
 - v. Chinese producers maintained their presence in the Indian market even by circumventing duties imposed by exporting goods PTFE products.
 - vi. Subject imports are priced much below the prices of the domestic industry and cessation of duty would lead to further channelization of their output in Indian market, as is evident from the significant price undercutting calculated without duties.
 - vii. Indian market is price sensitive. Should the domestic industry either reduce its price at the level of imports or maintain its selling price and lose sales volume, in either case injury will be suffered. Thus, all parameters would witness a significant deterioration.
 - viii. The production in China PR are several times the total installed capacity of the domestic industry. The actual and projected inventories are significant enough to subsume the Indian demand twice and these capacities are being enhanced by further expansions done by producer/manufacturer Shandong Dongyue Group.

- ix. Market share of the Chinese producers have remained above 10% in the Indian market which is quite significant. The Chinese producers also tried to circumvent the duties so imposed by exporting PTFE products due to which the industry was unable to levy remedial effects of duties imposed.
- x. The Chinese producers/exporters lost 22% of the market share since the anti-circumvention investigation was undertaken by the Authority. Hence, in the absence of duties, these producers/exporters would attempt to re-capture this lost market share.
- xi. United States' measures, imposing additional ad valorem duties on certain products imported from China, pursuant to the findings of an investigation the United States Trade Representative (USTR) carried out into China's acts, policies, and practices related to technology transfer, intellectual property, and innovation under Section 301 of the Trade Act of 1974
- xii. Imports are at dumped and injurious price and cessation of duties is likely to lead to intensified dumping and consequent injury to the domestic industry.
- xiii. Subject goods are imported at substantially lower prices as compared to the goods sold in the Indian market. Exports from the subject country would be channelized to the Indian market in view of significant capacities with them in case of expiry of duty which are also likely to undercut the prices causing material injury to the domestic industry. The price undercutting would further suppress the prices of the domestic industry.
- xiv. The negative trend registered in the POI due to the continued dumping and increased margins of the subject country underlines the vulnerability of the domestic industry.

H.2 Views of other interested parties

87. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions with regard to likelihood of continuation or recurrence of dumping and injury.

H.3 Examination by the Authority

88. The present investigation is a sunset review of duties imposed on the imports of subject goods from China PR. Under the Rules, the Authority is required to determine whether cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.
89. All factors brought to the notice of the Authority have been examined to determine as to whether there is a likelihood of continuation or recurrence of dumping or injury in the event of cessation of the duty. The Authority has considered various information, as made available by the domestic industry, in order to evaluate the likelihood of continuation or recurrence of dumping or injury.

90. The Authority has examined the likelihood of continuation or recurrence of injury considering the requirement laid down under Section 9A (5), Rule 23 and parameters relating to the threat of material injury in terms of Annexure - II (vii) of the Anti-dumping rules (as stated under), and other relevant factors brought on record by the interested parties:

- i. A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;
- ii. Sufficient freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports;
- iii. Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and
- iv. Inventories of the article being investigated.

91. Further, the Authority has also examined other relevant factors having a bearing on the likelihood of continuation or recurrence of dumping and consequent injury to the domestic industry. The examination of the parameters of likelihood is as follows:

i. Continued dumping of the subject goods

92. The dumping of the subject goods have continued from China PR despite duties being in force. The volume of imports has also remained significant in absolute and relative terms. It is also noted that the import volume from China PR of PTFE products increased significantly after imposition of duties, that led to investigation and subsequently extension of duties on PTFE products. Thus, the producers have maintained their presence in the domestic market of PTFE.

ii. Significant increase in Chinese exports and significant difference in exports reported in Chinese and Indian customs data

93. The Authority notes that whereas export volumes reported in China customs and import volumes reported in Indian customs were quite comparable for the period upto 2018-19, the difference was significant in 2019-20 and increased significantly in the investigation period. The Authority further notes that as soon as the anti-dumping duties on processed PTFE were extended, direct exports from China increased and the volumes reported in Indian customs are in the classification meant for PTFE are much lower than China customs. Further, whereas the export price reported in China customs were slightly lower (being FOB export price) as compared to Indian customs (being CIF import price) till 2019-20, the export price reported in China customs were materially lower as compared to Indian customs in the investigation period.

| Particular | Volume MT | | Rate US\$/MT | | |
|------------|----------------|---------------|----------------|---------------|------------|
| | Indian customs | China Customs | Indian customs | China Customs | Difference |
| | MT | MT | (CIF) | (FOB) | % |
| 2017-18 | 700 | 676 | 9.8 | 8.09 | -17% |
| Trend | 100 | 100 | 100 | 100 | 100 |
| 2018-19 | 1024 | 1112 | 10.05 | 9.55 | -5% |
| Trend | 146 | 164 | 103 | 118 | 146 |
| 2019-20 | 763 | 991 | 7.22 | 6.49 | -10% |
| Trend | 109 | 147 | 74 | 80 | 109 |
| POI | 775 | 3347 | 6.82 | 4.12 | -40% |
| Trend | 111 | 495 | 70 | 51 | 111 |

Source: DGCIS, China Customs

iii. Persistent presence of exporters in the market and vulnerability of the domestic industry

94. The Authority notes that the imports of the subject goods from China PR at dumped and injurious prices have not only continued, but have also remained significant in one form or the other. The Authority in the anti-circumvention investigation found that the remedial effect of duties was undermined due to the circumvention of duty from China through exports of PTFE processed products. The Authority recalls the final findings relating to anti-circumvention investigations, wherein the Authority found circumvention of the anti-dumping duty by the Chinese exporters.
95. The Authority notes that similar situation was found by the Designated Authority in the matter of SSR investigation on Axles for Trailers' originating in or exported from China PR, wherein the Chinese producers were found to have resorted to circumvention of duty. The Authority recommended extension of ADD post circumvention investigation and the duties were imposed by the Central Government. Thereafter, the Authority took note of the circumvention of duty as one of the reasons establishing likelihood of injury. The Ministry of Finance took cognizance of the circumvention of duty and extended ADD vide notification no. 04/2022-Customs (ADD) dated 24th January 2022, . The Authority notes that almost similar grounds exist in the present case, wherein the Chinese producers first resorted to circumvention of duty by export of processed product, and post extension of ADD to processed product, whereas exports of processed products declined, and direct export of PTFE from China (as evidenced from China customs data) once again increased.

iv. Significant capacities and inventories in the subject country

96. The domestic industry has placed reliance on the finding of USITC in Investigation Nos. 701-TA-588 and 731-TA-1392-1393, on imports of PTFE from China and India (July,

2018), wherein information on Chinese producers has been tabulated. While even the projected figures considered by USITC are slightly older than the POI considered in this investigation, however, considering the non-cooperation by the Chinese producers, the Authority considers that these figures are indicative of the likely scenario.

97. It is seen that the projected production in China PR for the period 2019 is almost 14 times of Indian demand in the POI. The excess capacity projected for 2019 is almost the entirety of current Indian demand.

98. Further, even the actual and projected inventories are significant enough to subsume the Indian demand.

| | Actual experience | | | Projections | |
|--|-------------------|----------|----------|-------------|----------|
| | Calendar year | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Capacity (Quantity in 1,000 pounds dry weight) | 2,18,906 | 2,27,066 | 2,27,313 | 2,25,382 | 2,24,972 |
| Capacity (in MT) | 99,294 | 1,02,995 | 1,03,108 | 1,02,232 | 1,02,046 |
| Production (Quantity in 1,000 pounds dry weight) | 1,84,842 | 1,85,642 | 1,96,003 | 2,07,022 | 2,08,945 |
| Production (in MT) | 82,842 | 84,206 | 88,906 | 93,904 | 94,776 |
| End-of-period inventories (Quantity in 1,000 pounds dry weight) | 21,960 | 15,347 | 13,466 | 14,300 | 14,023 |
| End-of-period inventories (in MT) | 9,961 | 6,961 | 6,108 | 6,486 | 6,361 |
| Excess Capacity (Difference between Capacity and production in MT) | 16,452 | 18,789 | 14,202 | 8,328 | 7,270 |

Source: USITC in Investigation Nos. 701-TA-588 and 731-TA-1392-1393

v. Third country dumping

99. The Authority has determined likely behaviour of the exporters by determining dumping margin in their exports to third countries. Since the Chinese exporters have not cooperated, the Authority has determined dumping margin in their third countries exports on the basis of Chinese customs data. However, since a number of grades are involved and there is no information available in Chinese customs data showing separate price of different product types involved, the Authority has adopted a conservative approach and has compared weighted average export price with normal value of the PCN commanding lowest value. Since a number of different product types may have been exported from China, the Authority considers that a PCN-to-PCN analysis would

have, in fact, led to much higher dumping margin as compared to what has been determined hereinbelow based on average value. Information with respect to third country dumping is given below:

| Particulars | Exports to third countries at dumped price | Total exports | Volume of Exports at dumped prices as % of Indian demand | |
|-------------|--|---------------|--|---------|
| | MT | | MT | % |
| China PR | 16,032 | 37,374 | *** | 220-230 |

Source: TradeMap

100. It is seen that a significant share of exports to third countries are at dumped prices. The volume of exports from China to third countries at dumped price is almost ***% of Indian demand.

vi. Third country injurious exports

101. The Authority has examined third country injurious exports and has adopted a conservative approach by comparing landed price of subject goods (to third countries) with the NIP of the PCN commanding lowest value. Information with respect to third country injurious exports is given below.

| Particulars | Exports to other countries at injurious price | Total exports | Volume of Exports to other countries at injurious price % of Indian demand | |
|-------------|---|---------------|--|---------|
| | MT | | MT | % |
| China PR | 16,069 | 37,374 | *** | 220-230 |

Source: TradeMap

102. It is seen that a significant share of exports to third countries are at injurious prices. The volume of exports from China to third countries at injurious price is almost ***% of Indian demand.

vii. Price attractiveness of Indian market

103. Information with respect to price attractiveness is given below:

| Particulars | Exports to other countries below price to India | Total exports | Exports to other countries below price to India % of Indian demand | |
|-------------|---|---------------|--|---------|
| | MT | | MT | % |
| China PR | 9,600 | 37,374 | *** | 130-140 |

Source: TradeMap

104. It is seen that volume of exports from China to third countries at prices below their export price to India.

viii. Tariffs imposed by USA on Chinese goods

105. Trade actions taken by USA and China with respect to each other's goods, the subject goods in investigation have approximately 25% tariffs imposed on them. Thus, due to such high tariffs the American market remains inaccessible to the Chinese producers/exporters.

ix. Significant pricing difference in between Chinese exporters itself

106. The Authority notes that the Chinese producers have exported the same grade at materially different prices within the present investigation period. For instance, DF-102, one of the grades exported from China was exported at a price of Rs. 377/Kg in January, 2020, Rs. 532/Kg in March, 2020 and Rs. 250/Kg in October, 2020. Similar trends have been seen in other grades and other periods. The Authority finds that the Chinese producers/exporters have followed a very erratic pricing policy that have no correlation with cost of production of the product.

107. As regards public interest, the Authority notes that the downstream PTFE products are also attracting anti-dumping duty in view of circumvention of anti-dumping duties imposed on import of PTFE from China PR. No comments have been received by any interested party in this regard. Submissions, if any, will be addressed appropriately post disclosure.

108. The Authority, further, observes that the circumvention of the subject goods through downstream products indicate significant attractiveness of Indian market and likelihood of recurrence of dumping and injury.

I. POST-DISCLOSURE COMMENTS

I.1 Submissions made by the other interested parties

109. None of the exporters, importers, consumers, and any other interested parties have filed any comment post circulation of the disclosure statement.

I.2 Submissions of the domestic industry

110. The submissions made by the domestic industry are as under:

- i. The product under consideration continues to be exported to India at dumped prices from subject country causing material injury to the domestic industry.

- ii. Dumping is likely to intensify from subject country, and there is likelihood of dumping and injury to the domestic industry in the event of cessation of anti-dumping duty.
- iii. The quantity of imports as reported in Indian customs (DGCI&S), broadly correlates with China Customs data for the periods 2017-18, 2018-19 and 2019-20. However, in the investigation period, there is a very significant difference between the volume of exports reported by China customs and volume of imports reported by Indian customs, both in terms of volume and price
- iv. There is a significant difference in the data reported by China customs and by India Customs and thus the Authority should consider China Customs data as the basis of imports. It is even mentioned in the WTO Agreement that if the exporters have preferred non-cooperation, the Authority may adopt information, such as customs data.
- v. The product under consideration in the present investigation is Polytetrafluoroethylene that has a custom classification of 3904.61.00. In China also, the customs classification 3904.61.00 pertains to Polytetrafluoroethylene, in primary forms. Hence, only the product under investigation is included in Chinese customs classification 3904.61.00 and can thus be considered for the purpose of determination.
- vi. China customs does not segregate the product under consideration into different types and form of the product under consideration. Thus, the Authority may take conservative approach and consider the imports from China customs of the lowest grade PCN, i.e., PTFE grade and accordingly determine injury margin and dumping margin.
- vii. PTFE products imports procured from DG Systems is also understated. The secondary source of imports shows much higher volume of PTFE products.
- viii. The present quantum of duties should be extended. The applicants have not sought any modification of the duty form or benchmark, rather have sought only extension of present duties. WTO member countries, such as the European Union, USA, China, Argentina etc. extend the same quantum of anti-dumping and do not modify quantum in sunset review. Thus, WTO member country, including China – the subject country in the present case – has a practice not to modify the quantum of anti-dumping duty in sunset review. Further, facts of the present case also show that the data is not reliable and there exists significant difference between DGCI&S and China Customs in the volume and price of the subject imports

I.3. Examination by the Authority

111. The Authority notes that only the domestic industry has made post disclosure comments. The post-disclosure comments/submission made by the domestic industry are mostly reiterations of their earlier submissions, which have already been examined adequately addressed in the disclosure statement or relevant paras of the present

finding. The Authority further considers as follows with regard to the new issues raised by the domestic industry:

- i. As regards the argument that the findings should be based on the China customs data as it shows significantly higher volume of imports at lower price in the POI, the Authority notes that China Customs data, indeed, shows higher volume of imports and the same has been considered at the relevant part of the findings indicating likelihood behaviour of exporters from China.
- ii. As regards the argument that the PTFE products imports from DG Systems data is understated, the Authority got the data re-checked from DG Systems. DG Systems found the data furnished to the DGTR consistent and accurate when retrieved with filters CTH (4-digit).

J. Conclusion on the Likelihood of Continuation or Recurrence of Dumping and Consequent Injury to the domestic industry

112. From the examination of evidence on record, the Authority concludes that:

- a. The dumping of the subject goods has continued from China PR despite duties being in force. The volume of imports has also remained significant in absolute and relative terms.
- b. It is also noted that the import volume from China PR of PTFE products increased significantly after imposition of duties, that led to investigation and subsequently extension of duties on PTFE products.
- c. The actual and projected inventories in the subject country are significant enough to subsume the Indian demand.
- d. There are significant exports to third countries which are dumped, injurious and at prices below the selling price of the domestic industry.
- e. Since India is a growing market, cessation of anti-dumping duties from China PR when export price from China to third countries is below the dumped prices from India and are below the non-injurious prices clearly proves that continuation of duties is must for the Indian industry's survival.
- f. Thus, in the event of cessation of the existing anti-dumping duties, the dumping of the subject goods is likely to intensify, causing injury to the domestic industry.

K. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

113. 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. Continuation of anti-dumping measures does not aim to restrict imports from the subject country in any way. The Authority recognizes that the continuation of anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of anti-dumping measures. On the contrary, continuation of anti-dumping measures would ensure that no unfair advantages are gained by dumping practice, prevent decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.
114. The Authority considered whether continuation of anti-dumping shall have any adverse impact on the interest of the public. In order to determine such impact, the Authority weighed the impact of the continuation of duties on the availability of the goods in the Indian market, the impact on the users of the product as well as the domestic industry and the impact on the general public at large. This determination is based on the submissions and evidence submitted over the course of the present investigation.
115. The Authority issued initiation notification inviting views from all interested parties, including importers, consumers and others. The Authority also prescribed a questionnaire for the users/ user association to provide relevant information with regard to present investigation including any possible effects of anti-dumping duty on their operations. However, none of the interested parties have provided any information regarding impact of anti-dumping duty on their operations.
116. The Authority also notes that despite the imposition of anti-dumping duty since 2005 on the imports of the subject product from China PR, the attractiveness of the Indian market has not diminished over the period. The dumping of the subject product has continued despite the existence of anti-dumping duty. Further, the exporters from China have even resorted to dumping downstream products after the third sunset review was carried out. The Authority carried out an anti-circumvention investigation to address this phenomenon. Furthermore, circumvention of duty with respect to the subject products also took when duties were imposed on Russia and imports made their way to the Indian market through Korea RP. Thus, PTFE has continued to be an attractive export product to India with continued dumping and consequential injury to the domestic industry in India.
117. The Authority notes that the imposition of duty will not in any manner restrict the imports, but only ensure that the goods are available at fair prices. Further, there is no demand-supply gap in the country, as domestic producers have sufficient capacity to

cater the need of the Indian market. Additionally, the product can also be imported from other countries.

118. It is noted that the continuation of anti-dumping duties on the imports of the subject goods would be in the interest of domestic producers of the subject goods in India. The fact that this is a capital-intensive industry, the continuation of measure would prevent further injury and give time to the domestic producers to compete against the exporters from the subject country.

M. CONCLUSIONS

119. Having regard to the contentions raised, the information provided, and the submissions made by the interested parties and the available before the Authority, as recorded in the above findings, and on the basis of the above analysis of the likelihood of continuation or recurrence of the dumping and the injury to the domestic industry, the Authority concludes that:

- a. The petitioners/applicants constitute as the domestic industry within the meaning of the Rule 2(b) of the Rules and the application satisfies the criteria of standing in terms of Rule 5.
- b. The product produced by the domestic industry is like article to the PUC imported from the subject country.
- c. The application contained all the information relevant for the purpose of initiation of the sunset review and the application contained sufficient evidence to justify initiation of the present sunset review.
- d. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions.
- e. Based on the facts available on record, the normal value, export price and the dumping margin for the subject goods have been determined.
- f. The domestic industry has suffered material injury in view of the following:
 - i. Imports of PTFE from China, increased in both absolute terms as also in relation to production and consumption in India. Further, despite ADD being in place, the volume of imports of PTFE has increased significantly in the POI, in both absolute terms and in relation to production and consumption in India
 - ii. The landed value of PTFE and PTFE products from the subject country is significantly below the net sales realization of the domestic industry resulting in positive price undercutting.
 - iii. The cost of sales and the selling price has increased over the injury period. However, the increase in selling price is lower than the increase in cost. Thus, imports have had suppressing effect over the injury period.
 - iv. Market share of domestic industry has increased and market share of imports from subject country has also increased.

- v. The domestic industry registered an improvement in performance in terms of profits in 2018-19. However, the same registered a steep decline in 2019-20. This is the period where the domestic industry was suffering on account of low-priced imports from China and Russia and also from circumvention practices engaged by the producers in these countries. The Authority initiated an anticircumvention investigation in the POI and the imports have declined significantly in the POI. Further, the Authority recommended enhancement of duty on Russian imports. There was some improvement in price parameters of the domestic industry as a result of circumvention investigations and extension of ADD. However, the profitability of the domestic industry remained materially below previous levels.
- g. There is likelihood of continuation and recurrence of injury to the domestic industry due to the following:
- i. The dumping of the subject goods has continued from China PR despite duties being in force. The volume of imports has also remained significant in absolute and relative terms.
 - ii. It is also noted that the import volume from China PR of PTFE products increased significantly after imposition of duties, that led to investigation and subsequently extension of duties on PTFE products.
 - iii. The actual and projected inventories in the subject country are significant enough to subsume the Indian demand.
 - iv. There are significant exports to third countries which are at prices below the non-injurious price of the domestic industry. A significant share of exports to third countries are also at dumped prices.
 - v. Since India is a growing market, cessation of anti-dumping duties from China PR when export price from China to third is below the dumped prices from India and are below the non-injurious prices clearly proves that continuation of duties is necessary for the Indian industry's survival.
- h. This gives clear indication that injury to the domestic industry is due to dumped imports from China PR. Therefore, in the event of expiry of existing antidumping duty, there is every likelihood that the dumped imports from Iran will increase.
- i. It is noted that the continuation of anti-dumping duties on the imports of the subject goods would be in the interest of domestic producers of the subject goods in India. The fact that this is a capital-intensive industry, the continuation of measure would prevent further injury and give time to the domestic producers to compete against the exporters from the subject country
- j. The Authority has considered whether continuation of anti-dumping duty would have adverse public interest. The Authority notes that there is healthy competition in the Indian market and continuation of anti-dumping duty would not lead to monopolistic or oligopolistic situation in the Indian market for the subject goods.

k. Further, the anti-dumping duty on the subject product has been circumvented twice. There have been two anti-circumvention investigations undertaken by the Authority with respect to the subject product, one of which was against the subject country in the instant investigation.

120. In view of the above and that it is the third sunset review investigation, the Authority finds that there is a likelihood of continuation or recurrence of dumping and injury upon cessation of the existing anti-dumping duties and recommends continuation of anti-dumping measures for a further period of three years after which duty can be reviewed on assessment of the improvement or deterioration in the conditions of the domestic industry

N. Recommendations

121. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to the domestic industry, the exporters, the importers, the users and the other interested parties to provide information on the aspects of dumping, injury and the causal link and also on likelihood of dumping and injury to the domestic industry.

122. Having concluded that there is positive evidence of likelihood of dumping and injury if the existing anti-dumping duties are allowed to cease, the Authority is of the view that the anti-dumping duty in force on the imports of the product under consideration from the subject country is required to be continued further. Considering the facts and circumstances of the case, as established hereinabove, the Designated Authority considers it appropriate to recommend extension of the anti-dumping duties on the imports of the subject goods from the subject country. Accordingly, the anti-dumping duties for producers from China PR are recommended as per the duty table below.

123. Thus, in terms of provision contained in Rule 4(d) and Rule 17(1) (b) of the Rules, the Authority recommends continued imposition of anti-dumping duty, as modified, equal to the lesser of margin of dumping and the margin of injury, so as to remove the likelihood of dumping and injury to the domestic industry. Accordingly, definitive anti-dumping duty equal to the amount mentioned in column 7 of the duty table below is recommended to be imposed for three (3) years from the date of the Notification to be issued by the Central Government, on all imports of subject goods originating in or exported from the subject country.

124. Further having regard to the Final findings notified by the Authority vide Notification No. ADD-AC-03/2020, dated 27th January 2021 recommending extension of existing anti-dumping duty on 'PTFE Products or Processed PTFE Components' originating in or exported from China PR, and further imposition of the same by the Ministry of

Finance vide Notification No. 25/2021-Customs (ADD) dated 26th April, 2021, the Authority is of the view that the ADD is also required to be extended to imports of 'PTFE Products or Processed PTFE Components' from the subject country.

125. The Authority, thus, considers it necessary to recommend continuation of definitive anti-dumping duty as modified, on all imports of PTFE and its circumvented product, i.e. PTFE products from the subject country as per column 7 of the respective duty tables, for a further period of three years.

DUTY TABLE - PTFE

| S.no. | Heading/Sub-heading | Description | Country of origin | Country of export | Producer | Amount | Unit of Measurement | Currency |
|--------------|----------------------------|--------------------|--------------------------------|--------------------------------|-----------------|---------------|----------------------------|-----------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1. | 39046100 | PTFE | China PR | Any country including China PR | Any | 418 | MT | USD |
| 2. | -do- | -do- | Any country including China PR | China PR | Any | 418 | MT | USD |

DUTY TABLE – PTFE products

| S.no. | Heading/Sub-heading | Description | Country of origin | Country of export | Producer | Amount | Unit of Measurement | Currency |
|-------|--|----------------|---------------------------------|---------------------------------|----------|--------|---------------------|----------|
| (1) | (2) | (3) | (5) | (6) | (7) | (9) | (10) | (11) |
| 1. | 3904, 3907, 3910, 3916, 3917, 3918, 3919, 3920, 3921, 3922, 3923, 3924, 3925, 3926 | PTFE products* | China PR | China PR | Any | 418 | MT | USD |
| 2. | -do- | -do- | China PR | Any country other than China PR | Any | 418 | MT | USD |
| 3. | -do- | -do- | Any country other than China PR | China PR | Any | 418 | MT | USD |

* includes PTFE Products or Processed PTFE Components, including and not limited to bush, rod, sheet, tape, tube and thread seal tape

126. Landed value of imports for the purpose of this notification shall be the assessable value as determined by the customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under sections 3, 3A, 88, 9 and 94 of the said Act.

O. Further Procedure

127. An appeal against the order of the Central Government arising out of these findings shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975.


(Anant Swarup)
Designated Authority