

**F. No. 6/8/2021-DGTR
Government of India
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001**

Dated 28th June, 2021

INITIATION NOTIFICATION

Subject: Initiation of anti-dumping investigation concerning imports of “Mono Ethylene Glycols or MEG” from Kuwait, Saudi Arabia and USA.

1. India Glycols Limited and Reliance Industries Limited (hereinafter referred to as the “Applicants”) have filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) on behalf of domestic industry, in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the “Act”) and Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the “Rules”) for initiation of anti-dumping investigation on imports of “Mono Ethylene Glycols or MEG” (hereinafter referred as “product under consideration” or “PUC” or “subject goods”), originating in or exported from Kuwait, Saudi Arabia and USA (hereinafter referred to as “subject countries”).
2. The applicants have alleged dumping of the subject goods, originating in or exported from the subject countries and consequent injury to the domestic industry and has requested for imposition of the anti-dumping duties on the import of the subject goods originating in or exported from the subject countries.

A. Product under consideration

3. The product under consideration for the purpose of the present investigation is Mono Ethylene Glycol, also known as MEG or Ethylene Glycol. Mono Ethylene Glycol is a clear, colourless, virtually odourless, and slightly viscous liquid. It is miscible with water, alcohols, and many organic compounds. Its chemical formula is $C_2H_6O_2$. It can be stored in stainless steel, aluminium, or lined drums, tank cars or tank trucks. It has a specific gravity of 1.114 and a flash point of 110 °C (closed cup)
4. Mono Ethylene Glycol is majorly used as chemical intermediate in the production of polyester fibres, polyester films, and resins such as polyethylene terephthalate (PET). PET is converted into plastic bottles which are used globally. Further, MEG is also used in the fibre treatment of textiles, the paper industry, and in adhesives, inks, and cellophane. It is also used as a dehydration agent in natural gas pipelines where it

inhibits the formation of natural gas clathrates before being recovered from the gas and reused.

5. Mono Ethylene Glycol is produced using two basic raw materials, ethylene and oxygen. Ethylene and oxygen are combined to produce ethylene oxide (EO) in a multi-tubular catalytic reactor. The highly exothermic reaction is carefully controlled with proprietary and effective safety systems developed by scientific design. EO produced in the reactor is separated to high quality purified EO and/or is further processed to produce fiber-grade Mono Ethylene Glycol (MEG) as well as di- and tri- ethylene glycols (DEG, TEG).
6. The product is classifiable under Chapter 29 under the tariff code 2905 31 00. The customs classification is only indicative and is not binding on the scope of the present investigation.

B. Like article

7. The applicants have claimed that the goods produced by the domestic industry are like articles to the subject goods imported from the subject countries. It has been stated that there is no significant difference in the subject goods produced by the applicants and those exported from subject countries. The applicants claim that the two are technically and commercially substitutable. For the purpose of the present investigation, the subject goods produced by the domestic industry are being treated as 'like article' of the subject goods imported from subject countries.

C. Domestic industry

8. The petition has been filed by India Glycols Limited and Reliance Industries Limited. The applicants have stated that they have not imported the subject goods from the subject countries and are not related to any exporter of the alleged dumped goods or any importer in India.
9. As per the evidence available on record, it is noted that the production of the applicants accounts for a major proportion in the domestic production of the like article in India. Further, the applicants account for more than 50% of the total domestic production. On the basis of information available, the Authority has considered the applicants as domestic industry within the meaning of Rule 2(b) and the petition satisfies the requirement of standing under Rule 5(3) of the Anti-Dumping Rules.

D. Basis of alleged dumping

i. Normal value

10. The applicants have submitted that particular market situation exists in Kuwait and Saudi Arabia as producers get the raw material at distorted prices. Therefore, such costs and prices cannot be considered for determination of normal value. Accordingly, the

applicant has claimed that the cost of raw material should be benchmarked to international prices. For the purpose of initiation, the normal value for Kuwait and Saudi Arabia has been constructed on the basis of international price of its major raw material (Ethylene) and conversion cost of the domestic industry, with reasonable addition for profits.

11. The normal value for USA has been computed on the basis of prices prevailing at US Gulf Coast. Since the prices are on FOB basis, the same have been adjusted for inland freight, commission and port expenses to arrive at the ex-factory prices.

ii. Export price

12. The Authority has computed the export price for all the subject countries based on CIF price reported in the DGCIS data. Price adjustments have been made on account of ocean freight, marine insurance, inland freight, commission and port expenses.

iii. Dumping margin

13. The normal value and the export price have been compared at ex-factory level, which prima facie shows significant dumping margin above the de minimis level in respect of the product under consideration from the subject countries. There is prima facie evidence that the product under consideration is being dumped into the Indian market by the exporters from the subject countries.

E. Injury and Causal link

14. Information furnished by the applicants has been considered for assessment of injury to the domestic industry. The applicants have furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of imports in excess of demand-supply gap, decline in import price, price undercutting, price suppressing and price depressing effect on the domestic industry. The applicants have claimed that while the performance of the domestic industry in respect of production, sales and market share has remained stable, its performance has been adversely impacted in respect profits, cash profits and return on capital employed. The applicants have also claimed threat of further material injury and have furnished evidence with regards to sufficiently freely disposable and underutilized capacities with exporters, capacity expansions in the subject countries, high degree of export orientation of exporters and import of low-priced imports which is likely to have suppressing or depressing effect on the industry. There is sufficient prima facie evidence that the injury exists and is being caused to the domestic industry by dumped imports from subject countries and that there is threat of further material injury to the domestic industry.

F. Initiation of Anti-Dumping Investigation

15. On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about dumping of the product under consideration originating in or exported from the subject countries, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the product under consideration originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

G. Subject Countries

16. The subject countries for the present investigation are Kuwait, Saudi Arabia and USA.

H. Period of Investigation (POI)

17. The period of investigation in the present investigation is 1st January 2020 to 31st December 2020 (12 months). The injury period under investigation will, however, cover the periods April 2017 - March 2018, April 2018 - 2019, April 2019 - March 2020 and the period of investigation.

I. Procedure

18. Principles as given in Rule 6 of the Rules will be followed for the present investigation.

J. Submission of information

19. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email address adg12-dgtr@gov.in, adv13-dgtr@gov.in, dir12-dgtr@gov.in and ddl4-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/ MS Word format and data files are in MS Excel format.
20. The known producers/exporters in the subject countries, Governments of the subject countries through their Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
21. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below.
22. Any party making any confidential submission before the Authority is required to make

a non-confidential version of the same available to the other parties.

K. Time limit

23. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adgl2-dgtr@gov.in, advl3-dgtr@gov.in, dir12-dgtr@gov.in and ddl4-dgtr@gov.in within 30 days from the date of the receipt of the notice as per the Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time-limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
24. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

L. Submission of information on confidential basis

25. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules. Failure to adhere to the above may lead to rejection of the response / submissions.
26. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
27. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
28. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which is claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
29. The non-confidential version is required to be a replica of the confidential version with

the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.


30. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
31. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
32. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

M. Inspection of public file

33. A list of registered interested parties will be uploaded on DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties since the public file will not be accessible physically due to ongoing global pandemic.

N. Non-cooperation

34. In case any interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.


(Anant Swarup)
Designated Authority