

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

F.No. 6/55/2020 - DGTR

Government of India

Ministry of Commerce & Industry

(Directorate General of Trade Remedies)

4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi – 110001

Dated: 24.02.2021

INITIATION NOTIFICATION

Case No. AD-OI-46/2020

Subject: Initiation of anti-dumping investigation concerning imports of “Polyurethane Leather which includes any kind of textile coated one sided or both sided with Polyurethane” originating in or exported from China PR.

No. 6/55/2020-DGTR- M/s Topline Commodities Private Limited (hereinafter also referred to as the “Applicant”) has filed an application (hereinafter also referred to as the “Petition”) seeking initiation of anti-dumping investigation concerning imports of “Polyurethane Leather which includes any kind of textile coated one sided or both sided with Polyurethane”, (hereinafter also referred to as “subject goods” or the “product under consideration”) originating in or exported from China PR (hereinafter also referred to as “subject country”) before the Designated Authority (hereinafter also referred to as the “Authority”) 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”).

2. The Applicant has alleged that material injury to the domestic industry is being caused due to dumped imports of the subject goods, originating in or exported from the subject country and has requested for imposition of the anti-dumping duty on the import of the subject goods originating in or exported from the subject country.

Product Under Consideration

3. The product under consideration (PUC) is “Polyurethane Leather which includes any kind of textile coated one sided or both sided with Polyurethane”. PUC may be in rolled form or sheet form or any other form. The PUC is commercially known as PU Leather. PU Leather is also sold in market parlance by various names such as artificial PU Leather, PU Coated Fabric (Plain/ Printed/ Embossed)/, Lining Material, Synthetic Leather Cloth, PU Synthetic Leather, Synthetic Leather Lining, Dipping PU Lining etc. All such products are also included within the scope of the PUC. The PUC is used in many applications and sectors, such as furnishing, automotive, footwear, clothing, bags and wallets.

4. PUC is manufactured using the production process which comprises (i) the coagulation or wet process and (ii) the transfer coating or dry process. The coagulation process is the key process which is followed by the finishing process called transfer coating in the manufacturing of PUC. Therefore, any entity which does not carry out both these processes together but merely carries out the transfer coating process cannot be said to be a manufacturer of PUC.

5. PU Leather is primarily imported under Chapter 56 and Chapter 59 of the Customs Tariff Act, 1975 under tariff items 5603.94.00 and 5903.20.90 respectively. The imports of PUC are also observed under certain other customs tariff headings viz. 3921.13.90, 5903.10.10, 5903.10.90, 5903.20.10, 5903.90.10, 5903.90.20, 5903.90.90, 5603.11.00, 5603.12.00, 5603.13.00, 5603.14.00, 5603.91.00, 5603.92.00, 5603.93.00, etc.

Like Article

6. The Applicant has claimed that there is no known difference between the subject goods exported from the subject country and that produced by the domestic industry. Subject goods produced by the domestic industry and product under consideration imported from the subject country are comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers use the two interchangeably. The Applicant has further claimed that the two are technically and commercially substitutable and, hence, should be treated as like article under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced

by the Applicant in India are being treated as 'Like Article' to the product under consideration being imported from the subject countries.

Domestic Industry and Standing

7. As per the best information available to the Applicant, there are three producers of PU Leather in India, namely, (i) Topline Commodities Private Limited, (ii) Jasch Industries Limited and Mayur Uniquoters Limited. The Applicant holds 66% of the total production of PU Leather in India. Thus, the Applicant holds major proportion in total production of the PUC in India in line with the requirement of Rule 2(b). Furthermore, the requirement of Rule 5(3) is also fulfilled as all major Indian producers of PUC in India are supporting this petition. Therefore, the Applicant satisfies the requirement of standing for filing this petition and constitutes 'domestic industry' in India for PUC in accordance with Rule 2(b) read with Rule 5(3) of the Rules.

Subject Country

8. The subject country for this investigation is China PR.

Period of Investigation

9. The Period of Investigation (hereinafter also referred to as "POI") in the present investigation is 1st April, 2019 to 30th September, 2020. The period of investigation is taken as 18 months instead of normal period of 12 months so that the POI is within 6 months from the date of initiation. Further, since the Applicant has started the commercial production of the PUC only in June 2017, the injury investigation period has been considered to include the years 2017-18, 2018-19 and the POI.

Basis of Alleged Dumping

Normal value

10. The Applicant has claimed that China PR should be treated as a non-market economy and the normal value should be determined in terms of paragraph-7 of Annexure I of the Rules.

The Applicant claims that as it did not have any information with respect to the price of the PUC in the subject country, the Applicant has constructed the normal value on the basis of the price actually payable in India by considering cost of production in India, after addition for selling, general & administrative expenses and reasonable profits and the same has been considered appropriate at this stage. There is sufficient prima facie evidence of the normal value for subject goods from the subject country claimed by the Applicant.

Export Price

11. The Authority has computed the export price for the subject country based on Directorate General of Commercial Intelligence and Statistics (DGCI&S) transaction-wise import data. Price adjustments have been made for ocean freight, marine insurance, commission, bank charges, port expenses, inland freight and non-refundable VAT. There is sufficient prima facie evidence of the export price for subject goods from the subject country claimed by the Applicant.

Dumping Margin

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

Evidence of Injury and Causal Link

13. Information furnished by the Applicant has been considered for assessment of injury to the domestic industry. The Applicant has furnished prima facie evidence regarding the injury as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption in India, price suppression, price depression and price underselling. The Applicant has claimed that its performance has been adversely impacted in respect of lost market share, low capacity utilisation, accumulated inventories and consequent decline in profits, cash profits and decline in return on capital employed, as a result of increase in imports of product under consideration. There is sufficient

prima facie evidence that the injury is being caused to the domestic industry by dumped imports of the subject goods from subject country.

Initiation of Anti-Dumping Investigation

14. 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 country, 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 country and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

Procedure

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

Submission of Information

16. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Authority via email at the email addresses adg15-dgtr@gov.in, adv11-dgtr@gov.in, jd11-dgtr@gov.in and jd14-dgtr@gov.in.

17. The known producers/exporters in the subject country, its governments through its embassy in India, the importers and users in India known to be connected 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 below.

18. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within in the time limit set out below.

19. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to other interested parties.

Time Limit

20. In view of the special circumstances arising out of COVID-19 pandemic, any information relating to the present investigation should be sent to the Authority via email at the email addresses adg15-dgtr@gov.in, adv11-dgtr@gov.in, jd11-dgtr@gov.in, and jd14-dgtr@gov.in. within 30 days from the date of the receipt of the notice as per rule 6 (4) of the Rules. It may, however, be noted that in terms of explanation of the said Rules, the notice calling for information and other documents shall be deemed to be have been received within one week from the date on which it was sent by the 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 finding on the basis of the facts available on records in accordance with the Rules.

21. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

Submission of information on confidential basis

22. 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 and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/submissions.

23. 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.

24. 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 a liberty to allow the other interested parties to inspect such submissions.

25. 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.

26. 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.

27. 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.

28. 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.


29. 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.

Inspection of Public File

30. In terms of Rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. The modality of maintaining public file in electronic mode is being worked out.

Non-cooperation

31. In case where an interested party refuses access to or otherwise does not provide necessary information within a reasonable period or significantly impedes the investigation, the Authority may 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)

Joint Secretary & Designated Authority