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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5, Parliament street, New Delhi – 110001

Dated: 31.03.2021

INITIATION NOTIFICATION

Case No- AD (OI)-04/2021

Subject: Initiation of anti-dumping investigation concerning imports of Certain Rubber Chemicals viz., TDQ originating in or exported from China PR, European Union and Russia, PVI originating in or exported from China PR, and CBS originating in or exported from China PR and European Union.

1. M/s NOCIL Limited (hereinafter referred to as the ‘applicant’) has filed an application seeking initiation of anti-dumping investigation concerning imports of ‘Certain Rubber Chemicals viz., TDQ, PVI and CBS’ (hereafter referred to as ‘subject goods’ or ‘products under consideration’) before the Designated Authority (hereafter referred to as the “Authority”) in accordance with Customs Tariff Act, 1975 as amended from time to time (herein 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 (hereinafter referred to as the “Rules”). The present investigation concerns imports of TDQ originating in or exported from China PR, European Union and Russia), imports of PVI originating in or exported from China PR and CBS originating in or exported from China PR and European Union.
2. The Applicant has alleged that material injury is being caused to the domestic industry due to the dumped imports of each of the subject goods from the respective subject

countries and has requested for imposition of the anti-dumping duties on the imports of each of the subject goods, originating in or exported from the respective subject countries.

Products under Consideration

3. The products under consideration in the present investigation are “Certain Rubber Chemicals viz., TDQ, PVI and CBS”. They are defined as under:
 - i. ‘2,2,4-trimethyl-1,2-dihydroquinoline’ or ‘TDQ’, is a rubber antioxidant produced from acetone and aniline. It is used to provide long-term protection to rubber vulcanizates against oxidative ageing at ambient as well as elevated temperatures. It also offers protection against degradation caused by ozone under static as well as dynamic conditions.
 - ii. ‘N-(cyclohexylthio) pthalimide’ or ‘PVI’, is a rubber pre-vulcnization inhibitor produced from butanol, potassium hydroxide, cyclohexyl mercaptan/dichloro disulphide, ammonia, chlorine and phthalic anhydride. It is used to produce the desired scorch delay depending on the type of rubber, loadings of reinforcing fillers, selection of accelerator type and dosage, sulphur dosage etc. used in the compounding formulations.
 - iii. ‘N-cyclohexyl-2-benzothiazolesulfenamide’ or ‘CBS’, is a rubber accelerator produced from sodium mercapto benzo thiazole, cyclohexylamine, and hydrogen peroxide. It is used for scorch safety during rubber compound processing operations and improves the storage life of processed rubber stocks.
4. There is no dedicated ITC HS Classification for the subject goods. The products under consideration are classified under the Chapter 38 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) under the tariff custom classification 3812. However, there are also imports for the products under consideration under the Chapter 29 of the First Schedule. The customs classification is only indicative and is not binding on the scope of the present investigation.

Like Article

5. The Applicant has claimed that there is no significant difference in each of the products under consideration produced by the applicant and those exported from the respective subject countries. The products manufactured by domestic industry are comparable to ones imported from respective subject country/ies in terms of characteristics such as physical &

chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The products manufactured by domestic industry are technically and commercially substitutable with respective subject goods exported from respective subject countries. Therefore, for the purpose of the present investigation, products produced by the applicant is being treated as 'Like Article' to the each of the subject goods imported from the respective subject countries.

Domestic Industry and Standing

6. The Application has been filed by M/s NOCIL Limited. The Applicant has certified that they are not related to an exporter or producer of each of the subject goods in the respective subject countries or an importer in India either directly or indirectly within the meaning of Rule 2(b) of Anti-Dumping Rules. It is noted that the Applicant is the sole producer of PVI and CBS in India. As regards TDQ, there is one other producer in India, namely Lanxess India Private Limited.
7. As per the evidence on record, the Authority notes that the Applicant constitutes eligible domestic industry in terms of Rule 2 (b), and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules.

BASIS FOR ALLEGED DUMPING

Normal Value – China PR

8. The Applicant has submitted that the Normal Value for China PR should be determined as per Para 7 of Annexure I of the Anti-Dumping Rules, 1995. As per Law, Normal Value in China can be determined on any of the following basis:
 - a. the price in a market economy third country.
 - b. constructed value in a market economy third country.
 - c. the price from such a third country to other countries, including India.
 - d. Any other reasonable basis including the price actually paid or payable in India, adjusted to include a reasonable profit margin.

9. The Applicant has claimed that pursuant to the same, efforts were made to determine normal value on the basis of price or constructed value in a market economy third country, price from such a third country to other countries, including India. However, there is no verifiable evidence or published evidence regarding the same. Therefore, the applicant has claimed normal value in China PR for each of the subject goods on the basis of price actually paid or payable in India, duly adjusted to include reasonable profit margin.

Normal value – European Union & Russia

10. The Applicant made efforts to obtain evidence regarding actual transaction price of sale in the domestic market of European Union and Russia, however, there is no publicly available information regarding actual transaction price of producers. Further, since the products under consideration do not have a dedicated customs classification, the normal value cannot be determined based on export price of respective subject countries to an appropriate third country. The Applicant made efforts to obtain actual cost of production of TDQ and CBS producers in European Union and Russia, however, no verifiable evidence was available. Therefore, the applicant has claimed normal value in European Union and Russia on the basis of cost of production after addition of reasonable profit margins for the relevant products under consideration.

Export price

11. The Applicant has determined export price of each of the subject goods from respective subject countries considering the volume and value of imports for the POI as per the DGCI&S data. Export price has been adjusted for ocean freight, marine insurance, commission, inland freight expenses, port expenses, and bank charges to arrive at ex-factory price. There is sufficient prima facie evidence with regard to the net export price claimed by the applicant.

Dumping margin

12. Considering the normal value and export price of each of the subject goods from respective subject countries determined as above, dumping margin has been determined, in accordance with Section 9 A(1)(a) of the Act. It is noted that dumping margin for each of

the products under consideration from the respective subject countries is not only above de-minimis level, but also significant. There is prima facie evidence that normal value of the each of the subject goods in the respective subject countries are significantly higher than the net export prices, thereby indicating that the subject goods originating in or exported from the respective subject countries are being exported at dumped prices, so as to justify initiation of investigation.

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 evidence regarding the injury to each of the product under consideration resulting from the alleged dumping of subject goods during the Period of Investigation. There is positive price undercutting and price suppressing and depression effect on the domestic industry. The Applicant has claimed that their performance has been adversely impacted resulting in decline in production, capacity utilisation, domestic sales volumes, market share, profitability, cash flow and return on capital employed as a result of increase in dumped imports of products under consideration from respective subject countries. There is sufficient prima facie evidence of injury being caused to the domestic industry by dumped imports of each of the subject goods from the respective subject countries.

Initiation of Anti-Dumping Investigation

14. On the basis of the duly substantiated written application filed by the Applicant, and prima facie evidence submitted by the domestic industry, substantiating dumping of the TDQ originating in or exported from China PR, European Union and Russia, PVI originating in or exported from China PR and CBS originating in or exported from China PR and European Union, 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 products under consideration originating in or exported from the respective 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.

Subject countries

15. The countries involved in the present investigation is China PR, European Union and Russia in respect of imports of TDQ, China PR in respect of imports of PVI and China PR and European Union in respect of imports of CBS.

Period of investigation

16. The period of investigation (POI) for the present investigation is October 2019 – September 2020 (12 months). The injury period under investigation will cover the periods 2017-18, 2018-19, 2019 –2020 and the period of investigation.

Procedure

17. Principles as given in Rule 6 will be followed for the present investigation.

Submission of Information

18. 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, to dd14-dgtr@gov.in, and dd16-dgtr@gov.in with copy to adg13-dgtr@gov.in, and adv12-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.
19. The known producers/exporters in the respective subject countries, Government of the respective subject countries through their Embassies 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.
20. 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.

21. 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.
22. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

Time Limit

23. Any information relating to the present investigation should be sent to the Designated Authority via email at the email address, to dd14-dgtr@gov.in, and dd16-dgtr@gov.in with copy to adg13-dgtr@gov.in, and adv12-dgtr@gov.in. within 30 days from the date of the receipt of the notice as per the Rule 6(4) of the Rules. 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.

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.

Inspection of Public File

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

Non-Cooperation

34. In case any interested party refuses access to and 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)

Joint Secretary & Designated Authority