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

Dated 31st January, 2020

Case No. (O.I.) 34/2019
INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping Investigation concerning imports of Toluene Di-Isocyanate from European Union, Saudi Arabia, Chinese Taipei and United Arab Emirates.

1. M/s Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter also referred to as “applicant”) has filed an application before the Designated Authority (herein 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 Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein also referred to as the “Rules”) for initiation of anti-dumping investigation and imposition of anti-dumping duty on imports of Toluene Di-Isocyanate also known as TDI (hereinafter referred to as “subject goods” or “product under consideration” or “PUC” from European Union (EU), Saudi Arabia, Chinese Taipei and United Arab Emirates(UAE)(hereinafter referred to as “subject countries”).
2. The Applicant has claimed that the injury to the domestic industry is being caused due to dumped imports from European Union, Saudi Arabia, Chinese Taipei and United Arab Emirates and has requested for imposition of anti-dumping duty on the imports of the subject goods originating in or exported from European Union, Saudi Arab, Chinese Taipei and United Arab Emirates.

Product under consideration

3. The product under consideration in the present investigation is “Toluene Di-Isocyanate (TDI) having isomer content in the ratio of 80:20”. Toluene di-isocyanate (TDI) is an organic compound having formula $\text{CH}_3\text{C}_6\text{H}_3(\text{NCO})_2$. Two of the six possible isomers are commercially important: 2,4-TDI (CAS: 584-84-9) and 2,6-TDI (CAS: 91-08-7). 2,4-TDI is produced in the pure state, but TDI is often marketed as 80/20 and 65/35 mixtures of the 2,4 and 2,6 isomers respectively. The product under consideration in the

present investigation concerns TDI having isomer content in the ratio of (80:20). All other grades are beyond the scope of product under consideration.

4. The product is classified under the Chapter Heading 29 under the code 2929 10 20. The customs classification is only indicative and is not binding on the scope of the product under consideration.

Like article

5. The Applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. It has been stated that there is no significant difference in the subject goods produced by the Applicant and those exported from subject countries. The Applicant has claimed that TDI produced by the domestic industry and imported from subject countries is comparable in terms of physical & chemical characteristics, manufacturing process & technology (there is no other known technology for production world over), functions and uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used and are using the two interchangeably. For the purpose of present investigation, the subject goods produced by the Applicant are being treated as 'like article' of the subject goods imported from the subject countries.

Domestic industry

6. The application has been filed by M/s Gujarat Narmada Valley Fertilizers & Chemicals Limited. The Applicant is the sole producer of the subject goods in India. The Applicant has claimed that neither they have imported the PUC from the subject countries nor they are related to any exporter or producer of PUC in the subject countries or any importer of the PUC in India. On the basis of the information available, the Authority notes that the application has been made by or on behalf of the domestic industry in terms of the provisions contained in Rule 2(b) and Rule 5(3) of the Rules.

Basis for Alleged Dumping

Normal value

7. In case of EU, the Applicant has claimed normal value by considering the domestic prices in EU region. For this purpose, the Applicant has procured the export data of subject goods of the member countries which have production facilities of subject goods i.e. Germany and Hungary. The relevant information has been obtained using customs data of EU showing sales from these countries to rest of the EU member countries. Since the subject goods are produced in Germany and Hungary, therefore exports from these two countries to the rest of the European Union have been taken as

the normal value of the subject goods in European Union after making adjustments for commission, bank charges, port and handling charges by the authority.

8. For the purpose of determining the normal value for Saudi Arabia, Chinese Taipei and United Arab Emirates, the applicant have claimed that they were not able to fetch information relating to the prices of the subject goods in the three countries. Therefore, the normal value has been determined by constructing the cost of production of subject goods in India along with reasonable additions for profit.

Export Price

9. The Authority has computed the export price for the subject countries based on the DGCI&S transaction wise import data. Adjustments have been made on account of ocean freight, marine insurance, commission, bank charges and port expenses.
10. The normal value and the export price have been compared at ex-factory level, which prima facie shows positive dumping margin in respect of the PUC from the subject countries. There is sufficient prima facie evidence that the PUC are being dumped into the Indian market by the exporters from the subject countries.

Injury and Causal Link

11. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished evidence regarding the injury having taken place 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 depression and price suppression. The applicant has claimed that its performance has been adversely impacted in respect of profits, return on capital employed, and cash flow, as a result of increase in imports of subject goods at a price below the selling price and non-injurious price for the domestic industry. The Applicant has also claimed that there is a further threat of injury to the domestic industry in view of significant rate of increase in imports from the subject countries, significant capacities of subject goods in subject countries and depressing effect of import prices on domestic selling prices. There is sufficient prima facie evidence of injury being suffered by domestic industry caused by dumped imports from subject countries to justify initiation of an anti-dumping investigation.

Initiation of Anti-Dumping Investigation

12. On the basis of the duly substantiated written application by the domestic industry, and having satisfied itself, on the basis of 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 the 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.

Subject countries

13. The subject countries in the present investigation are European Union, Saudi Arabia, Chinese Taipei and United Arab Emirates.

Period of Investigation (POI)

14. The Applicant proposed the Period of Investigation (hereinafter also referred to as POI) 1st April 2019 to 30th September 2019 (6 months). The Authority has also considered the POI as 1st April 2019 to 30th September 2019 (6 months). The injury investigation period will cover the period 2016-17, 2017-18, 2018-19 and POI.

Procedure

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

Submissions of information

16. The known exporters in the subject countries, their government through their Embassy in India, the importers and users in India known to be concerned with the PUC 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
17. 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. The information/ submission may be submitted to:

**The Designated Authority
Directorate General of Trade Remedies
Department of Commerce
Ministry of Commerce & Industry
4th Floor, Jeevan Tara Building,
5 Parliament Street, New Delhi – 110001**

18. 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.

Time limit

19. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above within thirty days from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping 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 within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. 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 Anti-Dumping Rules.
20. 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

21. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:
 - i. one set marked as Confidential (with title, number of pages, index, etc.), and
 - ii. the other set marked as Non-Confidential (with title, number of pages, index, etc.).
22. 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. Soft copies of both the versions will also be required to be submitted, along with the hard copies in four (4) sets of each.
23. 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 are 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.
24. 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.

25. 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.
26. 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.
27. 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

28. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

Non-cooperation

29. 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.

(Bhupinder S. Bhalla)
Additional Secretary & Designated Authority