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F. No. 22/01/2025-DGTR
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: May, 2026

FINAL FINDINGS

Case No. – (SG) – 01/2025

Subject: Bilateral safeguard investigation concerning imports of Non-Phthalate Plasticizers in the form of Dioctyl Terephthalate (DOTP) and Diethylhexyl Cyclohexane (DEHCH) from the Republic of Korea under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017

Having regard to India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017 (hereinafter referred to as “Bilateral Safeguard Rules” or the “Rules”) and the Comprehensive Economic Cooperation Agreement (“CEPA” or the “Agreement”);

A. BACKGROUND OF THE CASE

1. KLJ Plasticizers Limited (hereinafter referred to as the “applicant” or “domestic industry”) filed an application before the Director General of Trade Remedies (hereinafter also referred to as the “Director General”), in accordance with the CEPA and the Rules for initiation of bilateral safeguard investigation and recommendation for withdrawal of tariff concessions on imports of Non-Phthalate Plasticizers in the form of Dioctyl Terephthalate (DOTP) and Diethylhexyl Cyclohexane (DEHCH) (hereinafter referred to as the “product under consideration” or “subject goods”) from the Republic of Korea (hereinafter referred to as “Korea RP” or “subject country”).
2. And whereas, in view of the duly substantiated application filed by the applicant, the Director General issued a public notice vide Notification No. 22/01/2025-DGTR, published in the Gazette of India, Extraordinary initiating the investigation under Rule

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4 to examine whether imports of subject goods constitute “increased imports”, and whether the same has caused injury to the domestic industry, and whether bilateral safeguard measures are required to be invoked (and if so, duration thereof).

B. PROCEDURE

3. The procedure described below has been followed with regard to the investigation:

3.1. Initiation

- a. The Director General issued a public notice of initiation of investigation and the same was published in the Gazette of India, Extraordinary, dated 30th September 2025.
- b. The Director General sent a copy of the initiation notification to the Government of the Republic of Korea, through its Embassy in India, known producers and exporters from the subject country, known importers / users, the domestic industry as well as other domestic producers, as per the addresses made available by the applicant and requested them to make their views known in writing within the prescribed time limit.

3.2. Circulation of non-confidential version of the application

- a. The Director General provided a copy of the non-confidential version of the application to the known producers/exporters and to the Government of the Republic of Korea, through its Embassy in India, in accordance with Rule 5(3) of the Rules. A copy of the non-confidential version of the application was made available to other interested parties, wherever requested.

3.3. Participation by Producer/Exporter

- a. The Director General forwarded a copy of the public notice initiating bilateral safeguard investigation to the following known producers/ exporters in Korea RP and provided them with an opportunity to provide relevant information by filing response to the questionnaire in the form and manner prescribed and making their views known in writing within thirty days in accordance with the Rules 5(4) of the Rules:
 - i. Aekyung Chemical Co., Ltd.
 - ii. Canko Marketing Inc.
 - iii. Chembud Corporation
 - iv. Everlite Korea Ltd
 - v. Hanwha Solutions Corporation (Hanwha)
 - vi. Humade Corporation

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- vii. Hwaseung Networks Co Ltd.
 - viii. Jier Shin Korea Co. Ltd.
 - ix. Jwell Global Co. Ltd
 - x. Kospol Co., Ltd
 - xi. LG Chem Co., Ltd
 - xii. Minjin Corporation Ltd.
 - xiii. NH International Corporation
 - xiv. Paran Co. Ltd.
 - xv. S&C Corporation
 - xvi. Unid Global Corp.
 - xvii. Zenichem Trading Co Ltd
- b. In response to the initiation of the subject investigation, the following producers/exporters from the subject country have responded by filing questionnaire response:
- i. LG Chem Co., Ltd
 - ii. Aekyung Chemical Co., Ltd.

3.4. Participation by Users/Importers

- a. The Director General sent Importer's and User's Questionnaire to the following known importers/users of the subject goods in India calling for necessary information in the form and manner prescribed and make their views known in writing within thirty days in accordance with Rule 5(5) of the Rules:
- i. AcmeSafety Wears Limited
 - ii. Ajanta Shoes (India) Private Limited
 - iii. Akshat Plastics Private Limited
 - iv. Amon-Ra Impex Private Limited
 - v. Aqualite Industries Private Limited
 - vi. Aroma Organics Limited
 - vii. Ashoka Enterprises
 - viii. Ashoka Marketing Agencies
 - ix. Beeta Poly Coats Private Limited
 - x. C J Shah & Co.
 - xi. Ceyenar Chemicals Private Limited
 - xii. CocoTufters Private Limited
 - xiii. Deepak Overseas
 - xiv. Doshi Enterprise
 - xv. Dycon Chemicals
 - xvi. G M Technochem Private Limited
 - xvii. Golden Coir Tufts
 - xviii. Havells India Limited
 - xix. Height Buildcon Private Limited
 - xx. HoneyVanijya Private Limited

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- xxi. Hwaseung Materials (India) Private Limited
- xxii. Industries Private Limited
- xxiii. JP Dyechem Private Limited
- xxiv. Karamat Tanning Industries
- xxv. Kerafibertex International Private Limited
- xxvi. Keya Enterprises
- xxvii. KGPetrochem Limited
- xxviii. Klassik Lamitex Private Limited
- xxix. LAPP India Private Limited
- xxx. Mahavir Polyfilms Private Limited
- xxxii. Makwell Plastisizers Private Limited
- xxxiii. ManikRubber
- xxxiv. Manish Vinyls Private Limited
- xxxv. Manya International
- xxxvi. Marvel Vinyls
- xxxvii. Mayithara Home Decor Private Limited
- xxxviii. MayurUniquoters Limited
- xxxix. Newage Fire Protection Industries Private Limited
- xl. Nirmal Fibres Private Limited
- xli. Northern India Leather Cloth Mmanufacturing Co Private Limited
- xlii. Paragon Polymer Products Private Limited
- xliii. PatkarExtrusions Private Limited
- xliv. PolyMedicure Limited
- xlvi. Prabhat Industries
- xlvii. PremierPolyfilm Limited
- xlviii. PVC Converters India Private Limited
- xlvi. Qrex Flex Private Limited
- xlvi. R R Kabel Limited
- xlvi. Rajshila Synthetics Private Limited
- l. Relaxo Footwears Limited
- li. Responsive Industries Limited
- lii. Shakambari Enterprises (India) Private Limited
- liii. Shakun Polymers Private Limited
- liv. Shri Durga Texcoat Private Limited
- lv. Shri Ganesh Agro Foods
- lvi. Sigma Aldrich Chemicals Private Limited
- lvii. Silvertones Speciality Textile Private Limited
- lviii. SonargPlastics Private Limited
- lix. SR Polyvinyl Limited
- lx. SSFPolymers Limited
- lxi. Travancore CocotuftPrivate Limited
- lxii. Tufko International
- lxiii. U K B Electronics Private Limited
- lxiv. Vikas Organics Private Limited

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- lxv. Vinyl Products
 - lxvi. Winner Nippon Leatherette Private Limited
 - lxvii. YashPoly
- b. In response to the questionnaire issued, the following importers/consumers have filed questionnaire responses:
- i. DDEV Plastiks Industries Limited
 - ii. Delite Collections Private Limited
 - iii. Klassik Lamitex Private Limited
 - iv. Mayur Uniquoters Limited
 - v. Poly Medicure Limited
 - vi. Polynova Industries Limited

3.5. Participation by other domestic producers

- a. The Director General sent a questionnaire to the other known Indian producers of the product under consideration calling for necessary information in the form and manner prescribed and seeking their views in writing within thirty days. The Director General sent Producer's Questionnaire to the following known domestic producers. Out of the below only the applicant has filed its questionnaire response.
- i. Payal Polyplast Private Limited
 - ii. Payal Plasticchem Private Limited
 - iii. Rachna Plasticizers
 - iv. Vinyl Products
 - v. Marvel Vinyls

3.6. Period of investigation

- a. The Authority has considered the most recent period for the purpose of present investigation as financial year 2024-2025. Further, the Authority has considered 1st April 2021 to 31st March 2025 as the period of investigation.

3.7. Further Procedure

- a. Request was made to DGCI&S data to provide the transaction-wise details of imports of subject goods for the injury period and also the period of investigation. The Director General has relied upon the DGCI&S data for computation of the volume of imports and required analysis after due examination of the transactions.

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- b. In accordance with Rule 5(6) of the Rules, the Director General provided opportunity to the interested parties to present their views orally in a public hearing held on 24th February 2025. The parties, which presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- c. A list of interested parties was published on the DGTR website. The interested parties were advised to exchange the non-confidential version of their submissions with each other through email.
- d. Submissions were filed in the subject investigation on behalf of the following interested parties including producers, exporters, users and importers as well as association of users.
- i. Domestic industry
 - ii. Government of Republic of Korea
 - iii. Korea Chemical Industry Association
 - iv. Aekyung Chemical Co., Ltd.
 - v. LG Chem Ltd
 - vi. Hanwha Solutions Corporation
 - vii. Giriraj Coated Fab Private Limited
 - viii. Mayur Uniquoters Limited
 - ix. Klassik Lamitex Private Limited
 - x. Polynova Industries Limited
 - xi. Beeta Polycoats
 - xii. Delite Collections Private Limited
 - xiii. DDEV Plastiks Industries Limited
 - xiv. Poly Medicure Limited
- e. The submissions made by the interested parties during the course of the investigation, wherever found relevant, have been addressed by the Director General in these final findings.
- f. The Director General, during the course of the investigation, satisfied itself as to the accuracy of the information supplied by the applicant and the interested parties, which forms the basis of these final findings, to the extent possible and considered relevant and necessary.
- g. Information provided by the interested parties on a confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Director General has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to 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.
- h. ‘***’ in the present findings represents information furnished by an interested party on confidential basis and so considered by the Director General under the Rules.

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C. SOURCE OF INFORMATION

4. The period of investigation for the purposes of the present investigation, as notified in the initiation, is from 1st April 2021 to 31st March 2025. The most recent period is financial year 2024-2025.
5. Request was made to DGCI&S data to provide details of imports of the subject goods. The Director General has relied upon the DGCI&S data for computation of the volume and value of imports for the period 1st April 2021 to 31st March 2025.
6. India and Korea signed a free trade agreement (CEPA) in 2009 to reduce or eliminate customs duties on certain goods. Under this agreement, imports of the product under consideration from Korea have enjoyed progressively lower tariffs, with the basic customs duty completely eliminated by 2017 as can be seen from the following table.

SN	Year	Duty applicable on imports from Korea
1	2010	10.94%
2	2011	9.38%
3	2012	7.81%
4	2013	6.25%
5	2014	4.69%
6	2015	3.13%
7	2016	1.56%
8	Since 2017	0.00%

D. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

D.1. Views of other interested parties

7. The other interested parties have made the following submissions with regard to the scope of the product under consideration and like article.
 - i. DOTP and DEHCH are two distinct products and cannot be used interchangeably.
 - a. DEHCH has lower viscosity as compared to DOTP which impacts mixing time, dispersion behaviour, and blending efficiency. Further, DEHCH demonstrates superior cold-flex properties and performs differently in demanding applications involving human contact or exposure to oils and solvents.
 - b. DEHCH is a value-added, export-oriented specialty product and is not a competitor to the general-purpose plasticizers (DOTP). Its use has allowed flooring manufacturers to increase filler loading and reduce formulation

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- costs, resulting in improved production efficiency and enhanced export competitiveness in the U.S. and European markets.
- c. Diethylhexyl cyclohexane (“DEHCH”) is Hanwha’s patented hydrogenated plasticizer and Hanwha is the only large-scale manufacturer of DEHCH. The domestic industry not capable to produce DEHCH and does not have the appropriate technology for production and commercial sale.
 - d. DEHCH is produced by adding hydrogen after the production of DOTP.
 - e. DEHCH and DOTP are different products evident from the fact that DEHCH does not contain aromatic ring in its chemical structure and exhibits a lower viscosity than DOTP, allowing processors to reduce the amount of viscosity reducer and increase filler loading. Further, DEHCH demonstrates significantly lower migration than DOTP.
 - f. DEHCH is free from phthalate structures and complies with major international environmental regulations, including EU RoHS, REACH (non-SVHC), and US FDA CFR 21. It provides better resistance to UV degradation, while DOTP needs additional UV absorbers.
 - g. DEHCH is used in specialised industries such as premium flooring and wall covering, synthetic lather for baby and food contact products, medical and healthcare products, eco-compliant consumer goods and high-performance PVC compounds.
 - h. The CAS numbers and HS Codes of DOTP and DEHCH is different.
 - i. DEHCH is sold at higher prices as compared to DOTP. Further, the cost of production of DEHCH is higher than that of DOTP.
 - j. The prices of sale by Hanwha would reveal that DEHCH is always sold at higher prices.
 - k. DOTP is not a substitute for DEHCH in terms of bleeding rate, which is 50% lower for DEHCH than DOTP. This makes DEHCH commercially viable for artificial leather use.
 - l. Use of DOTP is limited in the footwear segment and DEHCH is being used due to its faster fusion speeds. Further, usage of DOTP for wallpaper leads to quality issues.
 - m. The technical data sheets relied upon by the domestic industry show that DEHCH is different from DOTP.
- ii. The previous investigations, such as in Elastomeric Filament Yarn, PVC Paste Resin and Hot Rolled Products, patented products, higher priced products and non-substitutable products have been excluded.
 - iii. In the anti-dumping investigation into imports of DOTP conducted by the USA, DEHCH was not included in the product scope. In case, DEHCH was commercially interchangeable product, the domestic industry in the USA would have claimed the same within the scope of the product under consideration.
 - iv. DEHCH imported from Korea is not substitutable with the product of the domestic industry, evident from the independent substitutability report issued and communication of users with the domestic industry. Trial substitution of DEHCH with product (KANATOL 8020) of the applicant did not satisfy the benchmarks.

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- v. The written submissions filed by various users show that they do not consider DOTP and DEHCH to be directly competitive products.
- vi. Since the applicant claims to manufacture directly competitive product, an analysis is to be undertaken for developments in phthalate-based plasticizers as such products are also directly competitive products.
- vii. The quality of products produced by the domestic industry does not meet the quality requirements for medical device producers as evident from the communications.

D.2. Views of the domestic industry

8. The domestic industry has made the following submissions with regard to the product under consideration and like article:
 - i. The applicant has produced both DOTP and DEHCH. DEHCH has been consumed captively. The DOTP produced by the applicant is identical to the imported DOTP and is directly competitive to the imported DEHCH. Thus, the applicant has produced the like good or directly competitive goods to the imported product under consideration.
 - ii. DOTP is a directly competitive product of DEHCH.
 - a. Both DOTP and DEHCH have similar physical, mechanical, electrical and rheological properties and substitute each other easily. Further, both are used by the same set of customers.
 - b. No user of DEHCH has claimed that DOTP cannot be used for the same downstream product.
 - c. DOTP and DEHCH are used in the same applications which is evident from Hanwha's own technical data sheet.
 - d. Contrary to the claims of the interested parties, the import prices of DOTP and DEHCH are in tandem and are comparable.
 - e. The same set of users have imported DEHCH and have bought DOTP from the domestic industry.
 - f. Hanwha has patented its production process and not the product itself. The domestic industry has produced DEHCH. Further, DEHCH is also produced by certain producers in China and Taiwan.
 - g. DEHCH is only a hydrogenated form of DOTP. DEHCH is produced only by adding hydrogen which is not a significant process. This is also evident from the fact that the import prices of DOTP and DEHCH are comparable.
 - h. A product which is used as an input and processed into another product can be considered as part of the product under consideration as seen in the anti-dumping investigation into imports of Glass Fibre from Bahrain, China and Thailand.
 - i. The CAS No. and HS Codes do not indicate that the two products are different. The Authority considers HS Code is only indicative and not binding on the scope of the product under consideration. The scope of the

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- product under consideration may include multiple products with different CAS numbers.
- j. The claim of the other parties that DEHCH allows easier mixing and faster fusion than DOTP indicates that the two are interchangeable.
 - k. Contrary to the unsubstantiated claims of the other parties, majority of the footwear industry uses DOTP and not DEHCH.
 - l. The product exclusions granted in the Elastomeric Filament Yarn and PVC Paste Resin are of products which did not compete with the like article sold by the domestic industry and such products were priced higher than the subject goods.
 - m. Reliance of other parties on safeguards investigation for Hot Rolled Flat Products of Stainless Steel of 304 grades is incorrect as the products in the present case are substitutable. In investigation concerning Hot Rolled Flat Products of Stainless Steel, HR steel and CR steel were considered as one product.
 - n. The fact that USA has not included DEHCH in its anti-dumping investigation does not mean the Indian Authority cannot include the same. The interested parties have not claimed that there were imports of DEHCH in USA and then the same were excluded.
 - o. Many products share a chemical lineage, and yet serve distinct markets, such as IIR and HIIR.
- iii. The independent substitutability report and communications in this regard have not been disclosed to the domestic industry, preventing domestic industry from defending its interest. In view of multiple blends produced by the domestic industry, it is not appropriate to consider that a single blend, KANATOL 8020 is not substitutable and DEHCH should be excluded.
 - iv. Even if DEHCH produced by the domestic industry is not considered, the DOTP produced by it is a commercially and technically substitutable product and DEHCH cannot be excluded.
 - v. Phthalate plasticizers are not directly competitive products to DOTP and DEHCH as evident from the fact that the subject goods are phthalate free while DINP is phthalate-based plasticizer. Further, there are differences in the raw material, acid source as well as carbon chain of subject goods and DINP.
 - vi. While DOTP and DEHCH are BIS compliant products suitable for use in footwear, DINP is not approved for footwear applications. The two are distinct as per BIS also.
 - vii. In case phthalate plasticizers were competitive to non-phthalate plasticizers, there would be no need to develop and produce non-phthalate plasticizers.

D.3. Examination by the Director General

- 9. At the time of initiation of the present investigation, the Director General considered the following as the scope of product under consideration.

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“The product under consideration is Non-Phthalate Plasticisers in the form of Dioctyl Terephthalate (DOTP) and Diethylhexyl cyclohexane (DEHCH). Dioctyl Terephthalate is also known as Di-(2-ethylhexyl) 1,4 benzene di carboxylate or DOTP. Diethylhexyl cyclohexane is also known as Bis(2-ethylhexyl) cyclohexane-1,4-dicarboxylate or DEHCH. DOTP is an organic compound with the chemical formula $C_{24}H_{38}O_4$. The product can be identified by the CAS No. 6422-86-2. It is a diester of terephthalic acid and the branched-chain 2-ethylhexanol. DEHCH, having the chemical formula of $C_{24}H_{44}O_4$, can be identified by the CAS No. 84731-70-4. It is a hydrogenated form of DOTP.

Non-phthalate plasticisers are of several types such as Dioctyl Terephthalate, Diethylhexyl cyclohexane, Diisononyl cyclohexane-1,2-dicarboxylate (DINCH), 1 Dibenzoates and Isosorbide diesters etc. However, only two types of non-phthalate plasticizers are included in the product scope, namely Dioctyl Terephthalate (DOTP) and Diethylhexyl cyclohexane (DEHCH).”

10. The DG notes that the interested parties have sought exclusion of DEHCH, stating a number of reasons. The DG therefore first examines whether DEHCH is rightly included within the scope of the product under consideration (PUC).
11. The DG notes that the primary requirement for inclusion of a product within the scope of the PUC is whether the domestic industry has offered like or directly competitive article to product that has been imported.
12. Before considering the submissions of the interested parties, it is relevant to consider the product that is produced by Hanwha and that has been exported to India, describing the same as DEHCH. It is noted from the information on record that Hanwha has provided details of its product, and production process. It is seen that Hanwha first produces DOTP and thereafter hydrogenates the same into DEHCH. In other words, the primary product produced by Hanwha is DOTP.
13. Article 2.21 of the Agreement and Rule 2(b) of the Rules 2017 provides for the following.

Article 2.21

“domestic industry means the producers as a whole of the like or directly competitive goods operating in the territory of a Party, or those whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;”

“Rule 2. Definitions-

(b) "domestic industry" means the producers –

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- (i) *as a whole of the like or directly competitive goods operating in the territory of India;*
- (ii) *or whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;”*

14. With regard to the requirements concerning the definition of product under investigation and the like or directly competitive products, the Director General notes that the Agreement does not impose any specific requirement with regard to the manner in which the product under investigation may be defined. While the present investigation is under the CEPA and Bilateral Safeguard Rules, the Director General finds that reference may be made to the WTO decisions in the context of Agreement on Safeguards, to understand the requirements pertaining to definition of the product under investigation, like article or directly competitive article. In this regard, in the case of Dominican Republic - Safeguard Measures on Imports of Polypropylene Bags and Tubular Fabric, the Panel noted that Agreement on Safeguards does not impose specific obligations with respect to the definition or the scope of the product under investigation. Specifically, the Panel found that two different products may be included in the same product scope in a safeguard investigation.

“7.181 The complainants claim that the Commission's explanation was not adequate or reasoned. They base their assertion on the premise that the product under investigation can only include products that are “like” and point out in this respect that the facts of the investigation show that tubular fabric and polypropylene bags are not the same product. Nevertheless, the complainants fail to identify the legal impediments that should have prevented the competent authorities from considering tubular fabric and polypropylene bags as part of the product under investigation and observing the trends in the two products “in conjunction”. The complainants assert that “it has not been suggested that there must be a comparison of likeness or competitive relationship between the input and the end-product for the purpose of defining the imported product under investigation”. However, the premise on which the argument of the complainants is based is that the Commission was under the obligation to provide an explanation of why two separate products were treated as the product under investigation in the same proceeding. The Panel cannot find a basis for this premise in the text of the Agreement on Safeguards. The complainants have not identified any provision in the Agreement that restricts the inclusion of imported products within the scope of an investigation solely to those products that are like or directly competitive with each other. As already noted, the Agreement on Safeguards does not impose specific obligations with respect to the definition or the scope of the product under investigation. In these circumstances, the Panel considers that the complainants have failed to show why the explanations of the competent authority concerning the product under investigation were not adequate and reasoned.

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7.182 In conclusion, the Panel considers that the complainants have failed to show that, by including polypropylene bags and tubular fabric in the definition of the product under investigation, the Commission acted inconsistently with Articles 3.1, last sentence, and 4.2(c) of the Agreement on Safeguards, or that, consequently, the definition of the domestic industry was in this respect inconsistent with Articles 4.1(c), 3.1, last sentence, and 4.2(c) of the Agreement on Safeguards.”

15. In the same case, the Panel further noted as under with reference to “like or directly competitive” product.

“7.191 The text of Article 4.1(c) of the Agreement on Safeguards establishes that the domestic industry has to be defined by reference to “products” that are “like or directly competitive” with respect to the imported product. There is nothing in the text of this provision that allows the domestic industry to be defined on the basis of a limited portion of these products. If a product is like or directly competitive with respect to the imported product, that product must be considered for the purposes of defining the domestic industry. Support for this interpretation can be gained by reading Article 4.1(c) of the Agreement on Safeguards within the context of Article 4.1(a). In particular, the determination of the domestic industry in terms of a portion of the “like or directly competitive products” could fail to establish the existence of a determination of significant overall impairment of the domestic industry as required by Article 4.1(a) of the Agreement on Safeguards. In the present case, the directly competitive domestic product was defined on the basis of a portion of the “like or directly competitive products”.

...

7.199 For these reasons, the Panel considers that, in excluding from the definition of the directly competitive domestic product certain like or directly competitive products and, ultimately, producers of the like or directly competitive product, the determination of the domestic industry made by the competent authorities is inconsistent with the obligations contained in Article 4.1(c) of the Agreement on Safeguards.”

16. From the aforesaid decision, it follows that while there is no requirement that the scope of product under consideration be defined in a particular manner, the scope of domestic industry must be defined in a manner as to include “like or directly competitive” product. Specifically, the scope of product under consideration may include two products, and the scope of domestic industry shall be determined accordingly. Since the provisions under the CEPA and Bilateral Safeguard Rules are comparable in this regard to the provisions of Agreement on Safeguards, the principles laid down hereinabove are also relevant to the present case.
17. In the present case, the other interested parties have claimed that DEHCH is distinct from DOTP, in terms of physical and chemical properties. The applicant has also not

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claimed that the physical and chemical properties of the two products are identical and the two are like product. It is, therefore, noted that DOTP and DEHCH are not like article. However, the same does not preclude the two from being treated as a part of the same product under consideration, in accordance with the principles noted hereinabove, which requires the DG to determine whether the domestic industry has offered directly competitive product.

18. The next question that arises in this regard is whether the applicant has produced like or directly competitive product to the imported product. As per the information on record in the form of production records of the industry, the applicant has produced both DOTP and DEHCH in the most recent period. While the applicant has sold DOTP in the market, DEHCH has been captively consumed by it. It has not been disputed that the DOTP produced by the applicant is comparable to the imported DOTP. Therefore, the applicant has produced like article, that is, a product having identical characteristics to the imported DOTP, and constitutes a domestic producer of like article for DOTP. As regards DEHCH, the applicant has submitted production records showing production of DEHCH as well.
19. Further, the applicant has contended that the DOTP produced by it is a directly competitive product of DEHCH. The Authority has examined information placed on record by various interested parties in this regard. Information given by Hanwha with regard to exports to India, information given by the applicant, other supporting producers and import data, was also analysed for this purpose. Conclusion of the same are brought out hereinbelow.
20. The interested parties have contended that DEHCH is better suited for certain applications as compared to DOTP. The applicant has explained that since DEHCH is a hydrogenated form of DOTP, both DOTP and DEHCH exhibit almost similar physical, mechanical, electrical and rheological properties. Due to the fact that both DOTP and DEHCH demonstrate similar properties, the two are easily substitutable in different applications, such as, production of toys, flooring, wall coverings, wire and cable insulation, etc. The applicant submitted its own technical data sheets as well as that of LG Chem Ltd. and Payal Group for DOTP and of Hanwha for DEHCH. Further, the applicant submitted a summary of importers of DEHCH, identifying the application for which DEHCH has been imported and provided details of its own supplies of DOTP for the same application.
21. The above information shows that DEHCH is used for footwear, leather cloth, artificial leather for shoes and upholstery, PVC pipes, films and cables, coir mats (flooring), medical equipment, toys, food contact material, vinyl tile applications, wallpaper and such applications. DOTP is used for compound, tiles, deco sheet, flexible sheet, hose, artificial leather, medical equipment, toys, footwear, wires and cables, walls and flooring, pipes, carpets, and such applications. Further, the information provided

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reveals that multiple importers of DEHCH, constituting about 90% of the imports of DEHCH as per estimates of the applicant, have also procured DOTP domestically or through imports. Therefore, it is noted that products can be used interchangeably in major applications.

22. The applicant has also identified the application where each importer is known to use DEHCH and provided information showing that it has also supplied DOTP for the same application. In particular, the applicant has shown that DEHCH has been imported for use in footwear, artificial leather, PVC pipes, films and cables, flooring and medical equipment. The applicant has provided invoices showing supply of DOTP to producers of artificial leather, walls and flooring, wires and cables, footwear, and toys. Further, in response to the claim of the user Poly Medicure Limited that DOTP provided by applicant could not be used for making medical devices owing to poor quality, the applicant provided written communications from several users testifying that they were able to use the DOTP supplied by the applicant in medical devices without any concern. The applicant also demonstrated that its affiliate, ***, was supplying compound produced using DOTP supply by the applicant to ***, an affiliate of ****.
23. Hanwha Chemicals has marketed DEHCH as a substitute for DOTP due to “its better performance”. While DEHCH may be a higher quality product, the fact that it is marked as a substitute for DOTP implies that the two nevertheless are used in same applications.
24. The imports data shows that importers of DEHCH are the same users which have purchased DOTP from the applicant or Payal Group, or have imported DOTP.
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25. Further, Payal Polyplast Private Limited, a supporter, has also submitted invoices showing sale of DOTP and DEHCH to the same users. The supporter has also explained that the users are single-product company, evidencing that the two plasticizers are being used for the same applications.

- a. ***
- b. ***
- c. ***
- d. ***
- e. ***
- f. ***
- g. ***
- h. ***
- i. ***
- j. ***
- k. ***
- l. ***

Thus, the Director General notes that as per the evidence on record both DEHCH and DOTP have been purchased by the same set of consumers in India.

26. The other interested parties have submitted that the CAS No. and HS Codes for DEHCH and DOTP are different and hence, these are two different products. The Director General notes that difference in CAS No. or HS Codes does not imply that the products can no longer be treated as directly competitive products. The other interested parties have not provided any evidence with regard to the fact that such products are used for different purposes and do not compete in the Indian market. Moreover, nothing prevents products with different CAS Numbers from being included within a single scope of product under consideration. In this regard, the Director General notes the final findings issued in the anti-dumping investigation into imports of Certain Antioxidants from China PR and Singapore, F. No. 6/23/2024 – DGTR dated 23rd September 2025, wherein products with 5 different CAS numbers have been considered within the scope of the product under consideration. As regards differences in HS Codes, it is the consistent practice that HS Classification is only considered as indicative and is not binding on the scope of the product under consideration. Moreover, there have been multiple investigations where products imported under different HS codes formed part of the same product under consideration.

27. With regard to the submissions that DEHCH is a downstream product and DOTP is the raw material for the same, the Director General notes that production of DEHCH requires hydrogenation of DOTP. It is noted that DOTP and DEHCH are not like

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article. However, in case the safeguard measures are imposed only on imports of DOTP, the imports of DEHCH shall increase, directly substituting the DOTP produced by the domestic industry. It is not even the argument of the interested parties that DEHCH cannot be used in various applications where DOTP is used. Such being the case, invoking safeguard measures on imports of DOTP alone to address the damage being suffered by the domestic industry of DOTP shall be totally redundant exercise. In any case, the domestic producers have provided names of the consumers who have used both DOTP and DEHCH for same application.

28. The interested parties have contended that the price of DEHCH is much higher than the price of DOTP. However, the Director General notes that DEHCH is being imported into India at prices comparable to import price of DOTP. Crucially, during the most recent period, 2024-25, the price of DEHCH is lower than the price of DOTP. Such being the case, it is evident that DEHCH can substitute all the requirements of DOTP and the two are directly competitive products.

Product	Unit	2021-22	2022-23	2023-24	2024-25
DOTP	₹/MT	140,694	127,802	116,135	117,619
DEHCH	₹/MT	149,622	126,488	120,683	116,854
Delta	₹/MT	8,928	-1,314	4,548	-765

29. The DG examined the trends in volume of imports & consumption of the two products.

Korea RP	Import volumes (MT)			
Product	2021-22	2022-23	2023-24	POI
DOTP	3,551	11,064	25,358	29,975
DEHCH	2,932	5,307	9,846	12,182

30. It is further noted that while exporter has made submissions with regard to differences in DOTP and DEHCH, none of the users have disputed that the DOTP supplied by the applicant is being used in direct competition with the imported DEHCH. DG notes that in a situation where the consumers have interchangeably used the two products, and have not demonstrated absence of interchangeability of the two products, the claim of the exporter additionally becomes untenable.
31. The DG also notes that complete interchangeability of the two products in 100% applications is not a requirement to hold the domestic product as like or directly competitive to the imported product. So long as the domestic product is largely

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competing with the imported product, it must be considered that the domestic product is like or directly competitive article. This is additionally for the reason that the purpose of providing intended relief to the domestic industry would be defeated, if a product is excluded which can be used for the same application as the domestic industry product.

32. In view of the foregoing, the Director General notes that the information and evidence on record show that the applicant has produced like article to both DOTP and DEHCH. However, even if the production of DEHCH by the applicant is not considered, the DOTP produced by the applicant is a directly competitive product to the imported DEHCH. Even though the technical and physical characteristics of the product may differ, they are being used for overlapping applications, by the same set of users. Further, the price of two products has remained comparable over the period, and moved in tandem. Moreover, they are directly competing products, and if DEHCH is excluded from the product scope, the importers would switch imports to the excluded DEHCH, leading to continued injury to the domestic industry and rendering the objective for the investigation futile.
33. The other interested parties have submitted that the US Authority did not include DEHCH in the scope of the product under consideration in the anti-dumping investigation into imports of DOTP. The Director General notes that non-inclusion of a product type by other Authorities do not create an obligation on the Indian Authority to not include the same. In any case, in an anti-dumping investigation, the domestic product must be like article to the imported product. However, a safeguard investigation includes producers of both like and directly competitive product. It has been noted that DEHCH is a directly competitive product to DOTP manufactured and imported from the subject country and accordingly, included in the scope of product under consideration in the present investigation.
34. With regard to the submissions that trial substitution of KANATOL 8020 produced by the domestic industry with DEHCH imported from the subject country does not satisfy the required quality standards for the users, the domestic industry has submitted that it produces a number of blends including KANATOL 8020 and it is not appropriate to compare a single blend with the imported product. In any case, the information noted hereinabove shows that DOTP and DEHCH has been used by the same set of users.
35. The other interested parties have submitted that phthalate based plasticizers such as DINP should also be considered as directly competitive products in the present investigation. The Director General in this regard notes that phthalate based plasticizers cannot be considered directly competitive products to non-phthalate plasticizers in form of DOTP and DEHCH. This is due to the fact that the basic property of the products itself differs since one is phthalate free, while the other contains phthalate. Further, the Director General also notes that the users of the product have participated in the present investigation. The users have submitted that there is no substitute for the product under

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consideration and phthalate free products cannot be manufactured using products other than the product under consideration. Thus, phthalate based plasticizers are products not directly competitive with the product under consideration in the present investigation.

36. Further, the Director General notes that the domestic industry has submitted that phthalate free plasticizers do not harm the environment as phthalate plasticizers and hence, the same are preferred for use in plastics used in proximity with human and plants. Such preference for use of non-phthalate plasticizers for certain material shows that phthalate based plasticizers are not directly competitive products to non-phthalate plasticizers.
37. The scope of product under consideration, as defined in the initiation notification, is, therefore, confirmed.
38. The product under consideration is classified under Chapter 29 of the Customs Tariff under HS Codes 2917 20 00 and 2917 39 20. The subject goods are also imported under 2917 13 90, 2917 32 00, 2917 33 00, 2917 39 30, 2917 39 50 and 2917 39 90. The Customs classification is indicative and is not binding on the scope of the product under consideration.
39. The interested parties have also claimed that the quality of the product supplied by the domestic industry does not meet the requirements of manufacturers of medical devices. In this regard, interested parties and the domestic industry have submitted email communications wherein Poly Medicare Limited has raised quality concerns of the purchased materials. In this regard, the domestic industry has provided the sales information for Poly Medicare Limited which shows that the user has regularly purchased the product from the domestic industry. Further, the domestic industry also supplies its product to other producers of medical devices. It is noted that the users have procured the products from the domestic industry. Further, the domestic industry sold a cumulative volume of *** MT during the period of investigations, which is quite significant from quality perspective. In light of such regularity of supply, and significant volume of sales, the contention that the quality of such products is subpar does not stand. Moreover, the applicant has also provided written communications from users using the DOTP supplied by the applicant for production of PVC compounds for medical devices. The following users have certified that they have been able to use the DOTP supplied by the applicant for manufacture of PVC compounds for medical devices.
 - a. ***
 - b. ***
 - c. ***
 - d. ***

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- e. ***
 - f. ***
 - g. ***
 - h. ***
 - i. ***
40. The applicant has also provided communications for users in for other applications, *** for flooring, sheeting and artificial leather.
41. Having regard to the observations hereinabove, the Director General holds that the subject goods produced by the applicant are also technically and commercially comparable to the product being imported from the subject country and the consumers use the two interchangeably. Thus, the subject goods produced and sold by the applicant are like article or directly competitive goods to the product imported from the subject country

E. SCOPE OF THE DOMESTIC INDUSTRY & STANDING

E.1. Views of other interested parties

42. The following submissions have been made by the other interested parties with regard to the scope of domestic industry and standing:
- i. The applicant is not the only producer of subject goods in India. If production of Payal and Rachna account for a substantial portion of total Indian production, applicant lacks major proportion required under the Rules.
 - ii. WTO Appellate Body in EC – Fasteners and the Delhi High Court in Jindal Poly Films Ltd. v. Designated Authority have observed that selective consideration of certain producers over others would undermine injury examination. The standing must be examined, and the application must be rejected on lack thereof.
 - iii. The applicant has not clarified whether KLJ Petroplast Limited is also a producer of the subject goods.
 - iv. It should be examined whether the applicant has procured the subject goods from a third party, which in turn has imported the goods.

E.2. Views of the domestic industry

43. The following submissions have been made by the domestic industry with regard to the scope of domestic industry and standing:
- i. The application has been filed by KLJ Plasticizer Limited and supported by Payal Plastichem Private Limited and Payal Polyplast Private Limited.
 - ii. The applicant constitutes a major proportion of the total Indian production and hence, may be considered eligible to constitute domestic industry in the present investigation.

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- iii. It is clarified that KLJ Petroplast Limited has not participated as it is not a producer of subject goods in India.
- iv. Other than the applicant, there are three other known producers of the subject goods in India, namely, Payal Plastichem Private Limited, Payal Polyplast Private Limited and Rachna Plasticizers.
- v. Rachna Plasticizer has only commenced production in the most recent period. There is another producer, IG Petrochemicals which plans to establish production operations for the subject goods.
- vi. Based on available information, Vinyl Products and Marvel Vinyls may have facilities to produce the subject goods, however, the producers have not produced the subject goods in the present period.

E.3. Examination by the Director General

44. Rule 2(b) of the Bilateral Safeguard Rules defines domestic industry as under:

“(b) "domestic industry" means the producers –

(i) as a whole of the like or directly competitive goods operating in the territory of India;

(ii) or whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;”

45. The Director General notes that the application for initiation of the present investigation was filed by KLJ Plasticizers Limited. There are three other domestic producers of the subject goods in India, namely, Payal Plastichem Private Limited, Payal Polyplast Private Limited and Rachna Plasticizers. Payal Group has filed letters supporting the application and requesting for withdrawal of concessions under the Agreement.
46. The domestic industry has submitted that another producer, namely, IG Petrochemicals Limited is setting up plant in India but has not started production of the subject goods in India yet.
47. Rule 2(b) of the rules defines the domestic industry as domestic producers as a whole or those domestic producers whose collective output constitutes a major proportion of the gross domestic production. It is noted that the production of the applicant accounts for ***% of the Indian production.

Particulars	Unit	Quantity	Share
Applicant	MT	***	60-70

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Other Indian Producers	MT	***	30-40
Payal Polyplast Pvt Ltd	MT	***	***
Payal Plstichem Pvt. Ltd.	MT	***	***
Rachna Plasticizers	MT	***	***
Total Production of Indian Industry	MT	***	100%

48. The applicant has submitted that two other producers, Vinyl Products and Marvel Vinyls may have production facilities in India but have not produced the subject goods during the investigation period. The other interested parties have also not provided any evidence to show production of the two producers. The Authority has also sent intimation to the two entities. However, no response has been received from the same. Hence, as per the information on record, the Director General has not considered Vinyl Products and Marvel Vinyls as domestic producers of the subject goods.
49. As regard the request for clarification regarding whether KLJ Petroplast Limited is a domestic producer of the subject goods, the applicant has confirmed that KLJ Petroplast Limited does not produce the subject goods.
50. The other interested parties have claimed that the applicant is not the sole producer, and other producers account for significant portion of the total Indian production. In this regard, it is noted that the applicant constitutes ***% of the Indian production. Having regard to the same, it is noted that the applicant constitutes a major proportion. The Authority further notes that the application has been supported by Payal Polyplast Private Limited and Payal Plstichem Private Limited. The applicant together with the supporters constitute almost entirety of the Indian production. Having regard to the share held by the applicant, the Director General finds that the applicant constitutes a major proportion of the total Indian production, and constitutes domestic industry under Rule 2(b).

F. CONFIDENTIALITY

F.1. Views of other interested parties

51. The following submissions have been made by the other interested parties with regard to confidentiality:
- i. The applicant has claimed excessive confidentiality over performance parameters, demand, production and share of domestic producers, adjustment plan and period, duration and reasons of plant shutdown, without providing a meaningful summary of the same. Such claims have violated Rule 7 and prevented other

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- interested parties to make submissions. Director General must direct the applicant to provide a revised non-confidential application.
- ii. Confidentiality cannot be automatically granted and should be based on thorough scrutiny as held in *Sterlite Industries (India) Ltd. v. Designated Authority*.
 - iii. A summary of transaction-wise import data must be provided. Imports details from subject and non-subject sources must be verified for the injury examination.
 - iv. As regards the comments on confidentiality raised by the domestic industry, it is noted that the scope of is only anti-dumping investigations. It must be first determined whether the applicability of Trade Notice 10/2018 extends to the present bilateral safeguard investigation.

F.2. Views of the domestic industry

52. The following submissions have been made by the domestic industry with regard to confidentiality:
- i. Excessive confidentiality has been claimed by users in violation of Trade Notice 10/2018. The users have failed to provide the product catalogue, details of shareholders and related companies, production process and details of factories.
 - ii. The users have failed to even provide their estimated share in downstream market in range.
 - iii. Details regarding competitive advantage to the foreign producers viz-a-viz the domestic industry cannot be confidential information and excess confidentiality claimed has prevented the domestic industry from rebutting any such claims.
 - iv. Users have failed to disclose the aggregate details of capacity, production, consumption and imports in the economic interest questionnaire despite such aggregate figures being consolidated and not of one user. Users have not shown any prejudice to have been caused in case of disclosure of such information.
 - v. The confidentiality comments raised by other interested parties are belated and vague.
 - vi. The details of plant shutdown have been claimed confidential as disclosure of the same would adversely impact the interest of the domestic industry. Merely because information has been claimed confidential does not mean that the application lacks sufficient evidence.
 - vii. The demand has been claimed confidential as, for first three years of injury period, the same is based on sales of the domestic industry and the Payal Group. Disclosure of demand would lead to inter-se disclosure of sales of one group to the other and adversely impact the interest of the applicant.
 - viii. The communications of the domestic industry with PolyMedicare have been claimed confidential despite such communications pertaining to the domestic industry.

F.3. Examination of the Director General

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53. Rule 6 of the Rules deals with the confidentiality of information.

6. Confidential information -

(1) Notwithstanding anything contained in sub rules (1), (3) and (7) of rule 5, sub-rule (2) of rule 8 and sub-rule (5) of rule 10, any information which is by nature confidential or which is provided on a confidential basis shall, upon cause being shown, be treated as such by the Director General and shall not be disclosed without specific authorisation of the party providing such information.

(2) The Director General may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of the party providing such information, the same cannot be summarised, such party may submit to the Director General a statement of reasons why summarisation is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the Director General is satisfied that the request for confidentiality is not warranted or the supplier of the information is unwilling either to make the information public or to authorise its disclosure in a generalised or summary form, he may disregard such information unless it is demonstrated to his satisfaction from appropriate sources that such information is correct.

54. The information provided by all the interested parties on a confidential basis was examined with regard to sufficiency of the confidentiality claims. On being satisfied, the Director General has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, the parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
55. A list of registered interested parties was uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.
56. As regards, confidentiality claimed over performance parameters it is noted that the domestic industry consists of a single producer and the disclosure of such information would cause disclosure of confidential information of the company. The performance parameters, adjustment plan, and shut down details are business sensitive information of the domestic industry. Further, the domestic industry has provided the non-confidential summary of the information claimed confidential and provided all relevant information in indexed form. A non-confidential summary of the adjustment plan has also been provided. The domestic industry has also clarified that there were no shutdowns due to raw material shortage in the most recent period. In view of the same, the claims of confidentiality of the domestic industry in this regard are accepted.

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57. The other interested parties have submitted that the domestic industry has failed to disclose the demand in India. It is noted that during the first three years of the injury period, the Indian industry only comprised of the applicant and the Payal Group. Disclosure of demand for such period would be prejudicial to the business interests of the applicant and the supporter. In view of the same, the Director General has accepted the confidentiality claim in this regard. It is further noted that the demand has been shared on indexed basis.
58. With regard to the submissions that a summary of transaction-wise import data must be provided, the Director General notes that a summary of imports has been provided in the application. Further, the Director General has relied upon DGCI&S data for the purpose of the present investigation.

G. MISCELLANEOUS

G.1. Views of other interested parties

59. The following miscellaneous submissions have been made by the other interested parties:
- i. The measures cannot be imposed or maintained post expiry of the transition period. The phrase “during the transition period only” refers to the right to impose or continue measures. The measures can be imposed for a maximum of 6 months post which the transition period will expire irrespective of the domestic industry submitting a restructuring plan for a period of 2 years.
 - ii. The use of the word “during” implies that the transition period imposes the temporal boundary, within which the measure may be applied.
 - iii. The measures cannot be maintained post transition period is also evident from the use of word “apply” instead of “recommend” or “impose” or “initiate” in Rule 14. Under Article 7.1 of the Agreement on Safeguards, word “apply” is also used for duration of measures. Imposition of a measure on last day of the transition period and applying the same beyond the transition period would nullify limitation under Article 2.22.
 - iv. Considering the timeline of the investigation according to the Rules, the findings would only be issued in May 2026 and implemented by August 2026. If, recommended, this will only result in measures for 3-4 months, making the investigation futile and redundant.
 - v. The interpretation of the domestic industry would effectively reopen the tariff concessions negotiated under the agreement and undermine the stability of the treaty framework.
 - vi. The word “may” has been used in the context of choice of imposition of measure, and not in allowing discretion in terms of when the measure may be imposed.

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- vii. The application filed is not in accordance with the requirement of law as the domestic industry has not provided the fair market price expected and basis thereof. As a result, no recommendation can be made for imposition of measure adequate to remedy serious injury to the domestic industry.
- viii. The measure recommended should not exceed the injury margin.
- ix. Different import prices have been provided in different paragraphs of the application.
- x. Increase in trade pursuant to the India-Korea CEPA is intentional and in spirit of the CEPA. Increase in trade cannot be considered as a basis of imposition of bilateral safeguard measures.
- xi. The adjustment plan provided by the domestic industry only provides general intentions to improve efficiency and does not provide measures for stabilising operations, quantified restructuring roadmap, identifiable capital investment schedule, cost-reduction targets, and performance benchmarks. An explanation has to be provided how the measures would enable adjustment. The adjustment plan must be evaluated for credibility and proportionality with measures sought.
- xii. The investigation must be terminated. In the event the investigation is continued, no provisional measures must be requested.

G.2. Views of the domestic industry

60. The following submissions have been made by the domestic industry in response to the contentions of the other interested parties:
 - i. Interpretation of other parties that any measure imposed would only be in effect for the duration of the transition period is incorrect. The Agreement provides that measures may be imposed only before the expiry of the transition period and do not dictate the duration of measures. The provisions do not state that the measures cannot be imposed post expiry of transition period.
 - ii. The obligation of the Government under the CEPA is to impose measures within transition period. The Agreement does not bar the Government from continuing the measures after the transition period.
 - iii. The application proforma used by the applicant is for general safeguards and accordingly, only information relevant to bilateral safeguards has been provided in the application.
 - iv. The domestic industry has requested withdrawal of concessions to the MFN level to increase the price to the fair market price.
 - v. There is an inadvertent error in providing the correct import price at one place in the application. Had the issue been raised at an early stage the same would have been clarified by the domestic industry. In any case, the Authority considers import price based on DG systems data.
 - vi. As opposed to the submissions of the other interested parties, it is not the intention of CEPA to lead to increase in imports in such quantities and under such conditions and prices that cause serious injury to the domestic industry. This is

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evident from the fact that CEPA includes a provision for imposition of bilateral measures.

- vii. There is no legal provision which requires an adjustment plan to include stabilising operations, quantified restructuring roadmap, identifiable capital investment schedule, cost-reduction targets, and performance benchmarks. On the other hand, the WTO Panel in Korea – Dairy held that there is no requirement for a specific adjustment plan.

G.3. Examination by Director General

61. The present investigation was initiated by the Director General based on a duly substantiated application, after reaching a prima facie satisfaction that there was sufficient evidence of increased imports causing serious injury to the domestic industry. Further, subsequent to the initiation, information has been sought from all the interested parties to the extent deemed necessary.
62. A number of interested parties have submitted that the measures in the present investigation cannot be imposed or maintained post the transition period and thus, can be in force only for a short period of the time. In this regard, Article 2.22 of the Agreement states as follows.

“Article 2.22: Bilateral Safeguard Measures

During the transition period only, if as a result of the reduction or elimination of a customs duty under this Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such good from the other Party alone constitute a substantial cause of serious injury or threat thereof to domestic industry producing a like or directly competitive good, the Party may:

(a) suspend further reduction of any rate of customs duty on the good provided for under this Agreement; or

(b) increase the rate of customs duty on the good to a level not to exceed the lesser of:

(i) the MFN applied rate of customs duty on the good in effect at the time the measure is taken; and

(ii) the MFN applied rate of customs duty on the good in effect on the day immediately preceding the date of entry into force of this Agreement.”

63. Article 2.23 of the Agreement provides the conditions and limitations that shall apply to an investigation or a measure described Article 2.22. As per clause (g) of Article 2.23, the measure imposed may be maintained for a period of upto two years, or such duration as may be necessary to remedy serious injury and to facilitate adjustment.

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“(g) no measure shall be maintained:

(i) except to the extent and for such time as may be necessary to remedy serious injury and to facilitate adjustment; or

(ii) for a period exceeding two years, except that in exceptional circumstances, the period may be extended by up to additional two years, to a total of four years from the date of first imposition of the measure if the investigating authorities determine in conformity with procedures set out in subparagraphs (a) through (f), that the safeguard measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the industry is adjusting;”

64. Therefore, while bilateral safeguard measures are invoked under Article 2.22, and the same is subject to the transition period; the measures once imposed are maintained under Article 2.23(g). Article 2.23(g) does not provide that the measures may be maintained only during the transition period. Therefore, once a measure has been imposed during the transition period under Article 2.22, it may be maintained for such period, as may be necessary to remedy serious injury and to facilitate adjustment, with a maximum duration of two years. The interested parties have not shown any basis for reading the provisions concerning transition period into Article 2.23(g).
65. Interested parties have submitted that the domestic industry has not provided information with regard to a fair market price. It is noted that the present investigation is a bilateral investigation wherein the relief sought is withdrawal of concessions and not imposition of safeguard duties. Hence, there is no requirement for providing information with regard to fair market prices. No injury margin is required to be determined in the present case. In any case, the domestic industry has submitted that the prices are unfair to the extent of concessions given under the Agreement.
66. With regard to the submissions that the present investigation is against the spirit of the India-Korea CEPA, the Director General notes that the spirit of CEPA is not to cause serious injury to the domestic industry in either of the countries due to increase in imports under such conditions. While the spirit of the Agreement is to enhance trade and provide better market access to producers in each country, such increase in imports cannot be at the expense of the domestic producers in the respective countries. Further, the provisions for imposition of bilateral safeguards have been incorporated in the CEPA with the intent to ensure that in case the concessions allowed lead to an increase in imports, causing serious injury to the domestic industry of the importing country, appropriate remedy may be administered.
67. As regards the concerns raised regarding the adequacy of adjustment plan, it is noted that the adjustment plan provided on confidential basis includes relevant details. Further the effect of re-imposition of the Custom Duty has also been provided by the

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domestic industry. Thus, adjustment plan has been examined for adequacy and accuracy.

H. INCREASE IN IMPORTS

H.1. Views of other interested parties

68. The following submissions have been made by the other interested parties with regard to increase in imports:
- i. Bilateral safeguards have a narrower applicability than global safeguards under WTO law. The usage of terms “is being imported into” and “in such increased quantities” in Article 2.22 of CEPA makes implies that the Director General is required to assess sudden surge in imports rather than historical trends over extended period like four years. This also runs in consonance with the interpretation of “recent imports” and “in such increased quantities” under Agreement of Safeguards as observed in WTO Appellate Body in Argentina – Footwear (EC). But in the present case, the increase in imports is gradual and not sudden.
 - ii. Imports must be examined since 2017-18 which will show that the imports have not increased due to elimination of Basic Custom Duty. In previous safeguard investigations, the Director General has examined data for past period as well, to examine import trends.
 - iii. The imports have declined initially from 2017-18 and increased only from 2022-23. The fact that imports remained depressed for four long years under the same zero-duty regime breaks any link between tariff reduction and the alleged increase in imports.
 - iv. The DGFT database for HS Code 2917 3920 shows imports have not increased since elimination of duties in 2017. Imports in most recent period are lower than imports in 2017-18. The condition of increase in imports as a result of duty concessions is not met.
 - v. The data at 6 digit level shows that the value of imports in ₹ crores has not increased since 2017-18, and has rather fluctuated.
 - vi. The increase in imports beginning in 2022–23 is due to the Quality Control Order (QCO), which capped phthalate content at less than 500 mg/kg, forcing downstream manufacturers to migrate from traditional phthalate plasticizers such as DOP to non-phthalate alternatives like DOTP and DEHCH.
 - vii. Even if DGCI&S information shows increase in imports in the investigation period, such increase is not due to elimination of duties.
 - viii. The application has not provided any information on the decline in imports from 2017-18 to 2021-22 and how such decline does not impact the causal link between elimination of duties and increase in imports.

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- ix. Based on the requirement to examine sudden and recent increase in imports, imports must be examined from 2022-23 instead of 2021-22. Further, 2022-23 is appropriate as base year since the change in regulations has caused an increase in demand only from 2022-23.
- x. It cannot be assumed that imports from other countries did not increase due to absence of Customs duty. It should be examined whether there is sufficient capacity in Taiwan or Malaysia for the product to be imported in increased quantities from these countries.
- xi. The rate of increase in imports from 2022-23 is equal to rate of increase in demand.
- xii. Even if 2021-22 is considered, the exports from Korea to India is in line with its exports to other countries.
- xiii. The increase in imports is not sudden and was foreseeable due to phased elimination of duties under CEPA. There is no need for emergency action.
- xiv. Increase in imports is due to increase in demand which has not been fulfilled by the applicant due to capacity/time lags.
- xv. The elimination of duty under the CEPA is not sudden and the applicant had sufficient time to prepare for the competition.
- xvi. The domestic industry failed to establish a relationship between elimination of tariffs under CEPA and increase in imports. The Panel in US – Steel Safeguards held that there should be a logical connection between unforeseen development and increase in imports.
- xvii. The applicant has failed to establish a causal link between injury in 2024-25 and elimination of tariff in January 2017. No information has been provided regarding imports since January 2017 and developments post elimination of duty.
- xviii. The applicant has suppressed the information that it has started production of subject goods from 2020 onwards with the complete knowledge of no Customs duty on imports from Korea and increase in demand due to measures like Registration, Evaluation, Authorisation, and Restriction of Chemicals, designed to protect human health and the environment while regulating chemical use across industries Regulations (“REACH Regulations”) and Environmental, Occupational Health, and Safety (EOHS) guidelines (“EOHS Guidelines”) which require imports as there was no production of non-phthalate plasticizers in India.
- xix. The imports have also increased as a result of shutdowns faced by the domestic industry on account of shortage of raw material, cleaning of reactors, maintenance and change in product mix.
- xx. The increase in imports from 2022-23 is due to issuance of Quality Control Order mandating use of non-phthalate plasticizers for certain footwear applications and not due to elimination of duty.
- xxi. The increase in imports of DEHCH is due to technological and supply constraints faced by producers in India which is available with only a few producers globally.
- xxii. Imports have increased in light of growth in demand due to evolution of downstream industry.

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- xxiii. The imports have increased after 4-8 years of elimination of duties, and such increase cannot be attributed to elimination of duties. The tariff was eliminated in 2017 and the consumers in India have since then made long term arrangements and contracts with established pricing structures, and sourcing decisions.
- xxiv. The subject imports have increased as Hanwha Solutions Corporation has developed and commercialized DEHCH which is not developed by any other producer.
- xxv. The imports from Korea declined significantly post elimination of tariff concessions.
- xxvi. Before regulatory changes, Dioctyl Phthalate (“DOP”) was imported in large volumes. Considering this, the import information for DOP and DOTP shows that imports have not increased in India since 2017-18.

H.2. Views of the domestic industry

69. The following submissions have been made by the domestic industry with regard to increase in imports:
- i. The subject imports have increased in absolute and relative terms, pursuant to the reduction in Custom Duty.
 - ii. The subject imports have increased from 6,500 MT to 40,000 MT and increased by more than 500% during the injury investigation period.
 - iii. Contrary to the claims that imports trends should be seen from elimination of duty, in the bilateral safeguard investigation into imports of Ferro Molybdenum from Korea, the Director General held that there is no requirement for a consistent and continuous increase in imports.
 - iv. The argument that injury must be linked with the elimination of duty in 2017 makes the provisions regarding transition period redundant. The provision of the transition period is to allow parties to seek redressal any time during the transition period and not just after tariff elimination.
 - v. The subject imports have increased by 147% in relation to production, despite a 15% increase in Indian production, in the period of investigation. Had there been no such increase in production, the increase in imports in relative terms would have been much higher.
 - vi. The subject imports have increased by 522%, while the demand has only increased by 247% in the investigation period.
 - vii. Increase in imports cannot be justified by the increase in demand since the domestic industry has sufficient capacities to cater to demand.
 - viii. The footnote to Article 2.22 provides that measures may be imposed on imports from Party to the CEPA only when increase in imports from the subject country has caused injury and increase in imports from other countries has not caused injury to the domestic industry. Contrary to the argument of other parties, reliance cannot be placed on the term “alone” in isolation to the rest of the footnote. In the

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present case, only imports from Korea have increased and increase in non-subject imports cannot cause injury.

- ix. The subject imports have taken over the demand due to the concessions provided under the CEPA, allowing imports into India at lower prices.
- x. The purpose of elimination of Customs duty is to allow greater market access to Korean imports and not to cause injury or prevent setting up of plants in India.
- xi. The landed price of duty-free subject imports is below the selling price and cost of sales of the domestic industry. In case Customs Duty is applied, the landed price of subject goods would be above the selling price and cost of sales.
- xii. The market share of the subject imports has increased and the share of Indian industry has declined.
- xiii. The product produced by the domestic industry is REACH compliant and hence, the submission that the imports from Korea RP increased due to them being compliant with international standards is incorrect.
- xiv. The domestic industry has been able to maintain its sales volumes only by reducing its prices to compete with significant volumes of duty-free imports. This has led to significant deterioration in the profitability of the domestic industry.
- xv. The demand for the subject imports has increased due to the rising awareness of toxicity in phthalate plasticizers. However, the increase in imports is much more than the increase in demand.
- xvi. Contrary to the claims of the interested parties, the imports have increased significantly and year on year during the investigation period. Such an increase is stark in light of the fact that the Indian industry has sufficient capacity to cater to the demand.
- xvii. The argument that 4-year period should not be considered is contrary to past practice of the Director General in multiple previous investigations.
- xviii. The other interested parties have taken contrary arguments wherein it has sought examination of recent imports and on the other hand imports since 2017.
- xix. Considering that the demand has increased, and only imports of the Korea have increased show that increase in imports is only due to elimination of Customs Duty. The duty exemption allows the producers in Korea to export at prices below selling price and cost of sales of the domestic industry.
- xx. The other interested parties have claimed that increase in imports must be seen from 2022-23. However, the same is not consistent with practice.
- xxi. There is no requirement to compare Korean exports to India and exports to third countries. In any case, information relied upon by other parties shows that the exports from Korea to India have increased by 627% in 2024-25 as compared to 2019-20, while the exports to third countries have increased by 305% in the same period.
- xxii. Further, the data provided shows exports from Korea to India are more than exports to third countries and the share of exports from Korea to India has increased from 46% to 60% from 2019-20 to 2024-25.

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- xxiii. Contrary to the claim that increase in imports is due to BIS Order, the BIS order does not necessitate imports as the Indian industry has sufficient capacity to cater to increased demand in India. Further, increase in demand opens an opportunity for all countries, however, the imports have increased only from Korea RP due to the Customs Duty exemption.
- xxiv. Contrary to the claims of the users, the product supplied by the domestic industry meets customer quality standards. The communications with Poly Medicare Limited shows that it had first purchased products in 2021 and regularly started purchasing from the domestic industry. It has started importing only due to the lower prices.
- xxv. Since imported DEHCH is substitutable to DOTP produced by the domestic industry, it is not the case that the DEHCH has been imported due to lack of production in India. Further, the importers of DEHCH have purchased subject goods from the domestic industry as well.
- xxvi. QCO has not been made mandatory and the shift of users to non-phthalate plasticizers is in anticipation of mandatory QCO in future.
- xxvii. Contrary to the submissions of other parties that global overcapacities have not caused injury to the domestic industry, the imports have increased only from Korea and not from other countries.
- xxviii. Shutdown due to cleaning of reactors, maintenance and change in product mix are routine shutdowns and cannot lead to increase in imports. Further, no shutdowns were faced due to such reasons during the most recent period. On the other hand, the domestic industry has faced shutdown due to lack of orders on account of low-priced imports.

H.3. Examination by the Director General

70. The CEPA provides that bilateral safeguard measures may be imposed, where the product under consideration is being imported "in such increased quantities", in "absolute terms or relative to domestic production" and under such conditions that the imports of such good from the other Party alone constitute a substantial cause of serious injury or threat thereof to domestic industry producing a like or directly competitive good. The relevant provisions considered are as follows.

"Article 2.22

During the transition period only, if as a result of the reduction or elimination of a customs duty under this Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such good from the other Party alone constitute a substantial cause of serious injury or threat thereof to domestic industry producing a like or directly competitive good, the Party may:

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- a. *suspend further reduction of any rate of customs duty on the good provided for under this Agreement; or*
 - b. *increase the rate of customs duty on the good to a level not to exceed the lesser of*
 - i. *the MFN applied rate of customs duty on the good in effect at the time the measure is taken; and*
 - ii. *the MFN applied rate of customs duty on the good in effect on the day immediately preceding the date of entry into force of this Agreement.”*
71. The Director General has analysed the increase in imports of the product under consideration in light of the principles set out hereinabove.
72. It is noted that some of the interested parties have submitted that imports must be considered from 2017-18 while other interested parties have requested that imports must be analysed from 2022-23. As regards the period considered, it is noted that the investigation period of four years including the most recent period is relevant for the purpose of the present investigation. The same also allows the Director General to examine the state of the domestic industry as well as the increase in imports.
73. With regard to the submissions that the imports increased only in the recent period and not since 2017-18 and at the time of elimination of Basic Customs Duty, it is noted that under the CEPA and the Rules, bilateral safeguard measures may be imposed where there has been an increase in imports as a result reduction or elimination of duties. However, the measures may be imposed at any time during the transition period, that is, within a period of upto ten years from the date of completion of tariff elimination or completion of tariff reduction. Considering that Article 2.22 of the CEPA provides for imposition of safeguard measures at any time, pursuant to an increase in imports during transition period, it demonstrates that the increase is not required to immediately follow the elimination or reduction of Basic Customs Duty. The footnote to the provisions further clarify the following in this regard.

“A determination that an originating good is being imported as a result of the reduction or elimination of a customs duty provided for under this Agreement shall be made only if such reduction or elimination is a cause which contributes significantly to the increase in imports, but need not be equal to or greater than any other cause. The passage of a period of time between the commencement or termination of such reduction or elimination and the increase in imports shall not by itself preclude the determination referred to in this footnote. If the increase in imports is demonstrably unrelated to such reduction or elimination, the determination referred to in this footnote shall not be made.”

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74. Accordingly, the Director General shall examine whether (a) there has been an increase in imports from Korea RP, and (b) whether the elimination of duties has significantly contributed to the increase in imports. The Director General has considered imports from Republic of Korea and other countries during the period of investigation of four years. Relevant information regarding the volume of imports for the period of investigation given below.

a. Imports in absolute terms

75. The information regarding imports in absolute terms over the years is given below.

Particulars	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	6,484	16,371	35,203	42,157
Imports from other countries	1,187	2,574	1,134	2,532

76. It is seen that the subject imports have increased by 550% over the investigation period. While the imports from subject countries have increased by 550%, the imports from other countries have increased only by 113%, to only 2,532 MT. Further, the imports from the subject country have increased year on year over the investigation period and was the highest in the most recent period.

b. Imports in relation to domestic production

77. The information regarding increase in imports in relation to domestic production over the years is given below.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	MT	6,484	16,371	35,203	42,157
Imports from other countries	MT	1,187	2,574	1,134	2,532
Indian Production	MT	***	***	***	***
Trend	Indexed	100	106	188	252
Imports in relation to Indian production	%	***	***	***	***
Trend	Indexed	100	237	286	257

78. It is seen that the imports in relation to Indian production has increased from ****% to ****% over the investigation period. It is noted that the imports in relation to Indian production have increased till 2023-24 and declined 10% in the most recent period. The applicant has submitted that the same is on account of increase in total Indian production as a result of commencement of production of two other domestic producers

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in the country. Despite such decline in the most recent period, the share of imports has increased by 157% compared to 2021-22.

c. Increase in imports due to elimination of Customs duty

79. The Director General shall also examine whether the increase in imports is due to the elimination of Customs duty. As noted above, it is not necessary that the imports must increase immediately after the elimination of Customs duty. The Director General is required to examine whether only if such reduction or elimination is a cause which contributes significantly to the increase in imports. In this regard, the Director General notes as under.

a. The landed price of imports from subject country is significantly lower than the price of imports from other countries.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	₹/MT	1,44,732	1,27,376	1,17,407	1,17,398
Imports from other countries	₹/MT	1,57,104	1,22,807	1,23,389	1,21,137

b. The price of subject imports is lower than the prices of the domestic industry at current duty level. During the most recent period, the domestic industry has been forced to closely match the import prices of the subject imports.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	₹/MT	1,44,732	1,27,376	1,17,407	1,17,398
Prices of domestic industry	₹/MT	***	***	***	***
Trend	Indexed	100	87	83	76

c. The same trends are observed if the prices of subject imports are compared with the price of domestic product supplied by the Payal Group.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	₹/MT	1,44,732	1,27,376	1,17,407	1,17,398
Prices of Payal Group	₹/MT	***	***	***	***
Trend	Indexed	100	89	85	78

d. This has increased the demand for the imports from the subject countries, vis-à-vis the domestic product and the imports from other countries.

e. However, had there been no Customs duty concessions, the price of subject imports would have been higher than the selling price of the domestic industry and other domestic producers in all years, barring 2023-24. Further, the price of subject

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imports is higher than the landed price of imports from other countries, being only slightly lower than such price in 2021-22.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP (if Customs duty added)	₹/MT	1,56,672	1,37,884	1,27,093	1,27,083
Prices of domestic industry	₹/MT	***	***	***	***
Trend	Indexed	100	87	83	76
Prices of Payal Group	₹/MT	***	***	***	***
Trend	Indexed	100	89	85	78
Imports from other countries	₹/MT	157,104	122,807	123,389	121,137

80. It is, thus, noted that the elimination of Customs duty contributed significantly to the increase in imports from Korea RP, by making the subject imports more price attractive, compared to domestic supply, and the prices of other imports.

81. The interested parties have claimed that increase in imports is due to increase in demand. It is noted that while the demand has increased by 262%, the subject imports increased by 550%. Further, despite the capacity in the country increasing over the period, the imports in the country have continued to increase, at a faster rate than the increase, in demand, reducing the demand for the domestic product. The Director General notes that the capacity in India is much more than the demand of the subject goods. The capacity of domestic industry itself is ***MT, which itself is sufficient to cater to the entirety of demand. Further, increase in imports is only from the subject country and not from all countries. Such increase in imports is thus, attributable to obligations undertaken pursuant to the CEPA between India and the Republic of Korea RP.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	MT	6,484	16,371	35,203	42,157
Imports from other countries	MT	1,187	2,574	1,134	2,532
Sales of domestic industry	MT	***	***	***	***
Trend	Indexed	100	131	260	253
Sales of other producers	MT	***	***	***	***
Trend	Indexed	100	69	94	268
Demand	MT	***	***	***	***
Trend	Indexed	100	150	281	362

82. The other interested parties have claimed that the increase in imports is due to shut down of the domestic industry due to various reasons, and inability of domestic

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producers to supply quality products. It is noted that the domestic industry did not face any shut down due to raw material shortage and change in product mix during the most recent period. Further, the domestic industry holds a capacity of ****MT, which is much larger than the demand in India. Therefore, it cannot be considered that the imports have increased due to inability of the domestic industry to supply the product. As regards the quality of product, it is noted that the sales of the domestic industry have also increased over the period. This indicates that the quality of the product supplied by the domestic industry is being accepted by the customers. Further, the domestic industry has provided written communications from its users, testifying to its quality.

83. As regard the submissions that the increase in imports is due to the lack of production of DEHCH, the Director General notes that DOTP produced and sold by the domestic industry is substitutable to DEHCH imported from the subject country and both are purchased by same consumers and used interchangeably for the same purpose. Thus, increase in imports is not attributable to the product produced by the domestic industry.
84. Certain interested parties have claimed that the exports from Korea RP to India have moved in tandem with exports from Korea RP to other countries. The parties have also submitted the data claiming to show such trend. The Director General notes that there is no legal provision which requires comparison of exports from the subject country to other countries with imports into India. In any case, based on the data provided by the other interested parties themselves, the imports into India have increased at a much faster pace than exports to other countries. Further, the exports from Korea RP to India alone are more than Korean exports to all other countries combined together.

Particulars	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Export quantity to third countries	MT	6,466	7,338	11,865	15,383	29,662	26,209
Trend	Index	100	113	183	238	459	405
Export quantities to India	MT	5,485	6,811	6,405	16,912	31,530	39,860
Trend	Index	100	124	117	308	575	727
Total imports	MT	11,951	14,149	18,270	32,295	61,192	66,069
Share of India	%	46%	48%	35%	52%	52%	60%

**As per Trade Map data provided by Poly Medicure Limited*

85. Thus, it is noted that imports from Korea RP have increased in absolute terms as well as in relation to Indian production over the investigation period. Further, the increase in imports is a result of the elimination of Customs duty in pursuance of the concessions given under the Agreement between India and the Republic of Korea.

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I. INJURY AND CAUSAL LINK

I.1. Views of other interested parties

86. The following submissions have been made by the other interested parties with regard to injury and causal link:
- i. The data provided by the applicant is not objective for injury analysis as the applicant has failed to provide segregated performance data for DOTP and DEHCH. The application is majorly focussed around DOTP and not DEHCH. There is a need to examine product wise import volume, price undercutting, market share, price suppression depression and economic parameters of the domestic industry.
 - ii. While certain parameters of the domestic industry have deteriorated, others have remained stable or improved.
 - iii. No information has been given to show imports are likely to increase at a rate of causing any imminent serious injury.
 - iv. The import prices have followed global price trends including decline in 2022-23 due to global oversupply and lower feedstock cost, which caused domestic prices to decline. Thus, price undercutting is not constant but dependant on cost conditions.
 - v. The concentration of imports from Korea also reflects global supply dynamics rather than injurious trade behaviour, since DEHCH require specialized proprietary technology available with Hanwha.
 - vi. Import price from other countries are higher than import price from Korea, which shows that undercutting is not from all imports.
 - vii. The landed price of imports from Korea is lower than the landed price of other countries even in 2021-22 when the domestic industry had not suffered injury.
 - viii. The decline in landed price from Korea is less than decline in the landed price of imports from other countries.
 - ix. The responses of the responding producers from Korea RP demonstrate that the reduction in export prices was driven by a corresponding decline in cost of sales.
 - x. Price undercutting is not consistent and as a result, price suppression and depression cannot be established.
 - xi. The import price from Korea has declined due to decline in cost of sales.
 - xii. DEHCH is priced at a premium of 10% over DOTP which shows that it is a superior product and not interchangeable with DOTP. Such high priced product cannot exert price pressure on the prices of the domestic industry.
 - xiii. The increase in production and sales contradicts claims of injury. Injury claimed in most recent period is due to entry of new producers and other cost factors.
 - xiv. The sales of the domestic industry have increased in line with the increase in demand till 2023-24 and declined in 2024-25 only due to increase in sales of other producers in India.

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- xv. With the entry of new producers, the market will stabilise itself as capacity will catch up to the demand.
- xvi. The market share of the domestic industry has declined due to increase in market share of other producers in India.
- xvii. The captive consumption has also increased significantly which shows growing demand of downstream segment of the applicant.
- xviii. The increase in inventories may be due to entry of new producers, launching of dedicated plant for the product and increase in domestic sales. The domestic sales of the applicant have increased more than increase in inventories.
- xix. The cost of utilities has increased over the investigation period. However, the financial statements of KLJ show the consumption of Power and Coal reduced by 30-40%. Such claims must be verified.
- xx. The depreciation cost of the domestic industry has increased over the investigation period without any increase in capacities.
- xxi. The profitability of the domestic industry increased in 2023-24 as it did not reduce its prices in line with decline in raw material costs, which shows that its prices are independent of imports.
- xxii. The return on capital employed remained positive till 2023-24, and dropped to -3 during 2024-25.
- xxiii. There is no evidence of serious injury as there is no evidence of industry-wide shutdowns, structural insolvency, sustained collapse of production, or comprehensive deterioration across operational parameters.
- xxiv. The adjustment plan lists plans for efficiency which shows that the injury faced is due to inefficiency.
- xxv. Injury to the domestic industry is due to other factors such as anti-dumping duty on imports of raw material, increased domestic consumption, internal operational issues, input cost volatility and inter-se competition. Since no injury has been claimed from 2017-18 to 2021-22, it shows that elimination of Basic Customs Duty is not a cause of injury to the domestic industry.
- xxvi. As per Article 2.22, measures can be imposed only when the imports from the Party "alone" constitutes a substantial cause of serious injury. It must be examined whether injury to the domestic industry is solely and exclusively on account of increase in imports from Korea.
- xxvii. Tariff concessions are required to be a substantial cause of injury and not one of the many causes.
- xxviii. There is no causal link as the imports increased the most in 2023-24 but the profitability of the domestic industry increased by 98% in such period. In such a period, the import price from Korea declined in tandem with decline in cost of sales of the domestic industry. While the imports increased slightly in 2024-25 and the import price did not decline substantially, the domestic industry incurred losses.
- xxix. Since the domestic industry has not sold DEHCH in the domestic market, the imports of such product cannot cause injury to the domestic industry.

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- xxx. Injury is due to the cost structures of the domestic industry as global prices declined in 2022-23, the cost of sales of the domestic industry has increased.
- xxxi. The injury is on account of volatility in prices of raw material, global plasticizer overcapacity, exchange rate fluctuations which impacted the landed price, price comparability and competitive position and interest cost.

I.2. Views of the domestic industry

87. The following submissions have been made by the domestic industry with regard to the injury and causal link:
- i. The domestic industry has been able to maintain its sales volumes only by reducing its prices to compete which significant volumes of duty-free imports. This has led to significant deterioration in the profitability of the domestic industry.
 - ii. The subject imports have undercut the prices of the domestic industry despite the domestic industry reducing selling price and selling the subject goods at prices below its costs.
 - iii. The subject imports have caused significant strain on prices of the domestic industry. In 2022-23, the cost of sales increased marginally while the selling prices declined by 13%. In 2023-24, the cost of sales and selling prices both declined. The condition worsened in 2024-25 as the cost of sales only declined by 1% but the selling price declined by 8%.
 - iv. From 2022-23, the landed price has remained below the cost of sales of the domestic industry. The volume of imports increased due to the low prices charged by the exporters. The performance of the domestic industry has been adversely impacted due to increase in imports at low prices.
 - v. The product and sales of the domestic industry have failed to increase in line with demand. While the production has increased only by 2%, the sales have declined by 3% in the most recent period.
 - vi. Even after selling at losses, the domestic industry has not been able to increase its market share and has been forced to curtail production. The production has been curtailed even when the demand for the product has increased by 247%.
 - vii. The inventories of the domestic industry have increased by 95% and reached the highest in the most recent period. This is also the period wherein the selling price of the domestic industry has remained lowest in the four years.
 - viii. In 2022-23, the profits of the domestic industry wiped off completely but increased in the following year due to the decline in raw material costs. However, the import prices declined further and went below the cost of sales of the domestic industry due to which it has incurred losses in the period of investigation.
 - ix. While the raw material cost of the domestic industry has declined over the injury period, the difference between the selling price and raw material cost has declined significantly.

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- x. The domestic industry has been forced to sell at losses to maintain its customer base. This has caused deterioration in financial and cash flows. The cash profits have declined by 108% in the investigation period and turned into losses in the most recent period.
- xi. The return on capital employed by the domestic industry has declined by 103% in the investigation period. The domestic industry has recorded a negative return in the most recent period.
- xii. The profitability of the domestic industry was very low in 2022-23 as the import prices declined even as the costs increased. While the cost declined in 2023-24, the domestic industry did not reduce its prices in this period, which allowed it to earn profits. This resulted in surge in low priced imports from the subject country. The subject imports were highest in this period.
- xiii. In absence of concessions, the import prices from Korea RP would have been above cost of sales and selling price of the domestic industry.
- xiv. The contentions that combining injury assessment of both products would risk attributing injury of one to the other is illogical as both products are directly competitive. Further, even in cases of PCN wise injury, the Director General only determines price undercutting, injury margin and dumping on PCN basis and undertakes a consolidated injury assessment.
- xv. The injury is determined based on performance of domestic industry in terms of the product under consideration and not in terms of type of the product under consideration.
- xvi. Other interested parties cannot create additional parameters for injury without any legal basis. Injury is to be determined for the defined domestic industry and not the Indian industry.
- xvii. Contrary to the contentions of the other interested parties, the applicant has claimed imports have caused serious injury to the domestic industry and not threat of serious injury in the present investigation. There is no need to show that the increase in imports is likely to cause further injury or there is threat of serious injury in the future.
- xviii. As opposed to the submissions by the other interested parties, the present investigation concerns DOTP and DEHCH and reliance cannot be placed on imports of DOP from Korea RP.
- xix. While the duties were eliminated in 2017, the imports did not increase till 2022-23 and hence, did not cause injury to the domestic industry. The domestic industry was profitable in 2021-22 and thus, it cannot be said that commencement of production was a bad decision due to zero duty imports from Korea.
- xx. The claim that domestic industry commenced production after elimination of duties is factually incorrect.
- xxi. The sales of other domestic producers are less than the sales of the domestic industry. The decline in sales of the domestic industry is not due to other producers.

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- xxii. The market share of the domestic industry has declined due to imports from the subject country and not due to increase in share of other producers. The market share of total Indian industry has declined, while the market share of subject imports has increased.
- xxiii. Contrary to the claims of other interested parties, the inventories of the domestic industry have increased despite selling at losses. Further the increase in inventories is not due to increase in sales as evident from increase in closing stock.
- xxiv. The injury to the domestic industry is due to the increase in imports of subject goods. The domestic industry did not suffer injury till 2022-23 as imports did not increase immediately after elimination of Customs Duty.
- xxv. Contrary to the claims of the other interested parties, the injury is not due to anti-dumping duty on imports of raw material. Such duty has brought the Indian industry at par with Korean industry as the import prices of raw material from Korea RP is now comparable to market price of raw material in domestic market of Korea RP.
- xxvi. Increase in demand cannot be considered as a reason for injury to the domestic industry.
- xxvii. Since price of subject goods change in line with price of raw material in normal course of business, changes in raw material prices cannot be considered as parameter of injury.
- xxviii. There are no operational issues which have caused injury to the domestic industry.
- xxix. Inter-se competition has not caused injury as the other domestic producers have also faced injury.
- xxx. Injury is not on account of captive consumption of the domestic industry as the same is very low as compared to total production and sales.
- xxxi. Decline in import price is not due to decline in cost of sales as the import price has declined much more than the decline in cost of sales.
- xxxii. The landed price of subject imports is below the landed price of imports from non-subject countries. Had the domestic industry sold at prices offered by other countries, it would have earned profits.
- xxxiii. The cost of the domestic industry is in line with the international costs.
- xxxiv. The prices in India have declined due to decline in landed price of subject imports. The prices in India follow the price trends of subject imports as they hold the highest market share in India.
- xxxv. Contrary to the claims of other parties, while the total utility costs have increased. Due to increase in production, the per unit utility cost of the domestic industry has declined.
- xxxvi. The depreciation cost of the domestic industry has not increased during the investigation period. The information provided may be verified by the Director General.
- xxxvii. Other interested parties have not identified and quantified how factors other than imports have caused injury. The other interested parties are required to

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identify such factors, establish the existence and quantify the impact of such factors on the domestic industry.

xxxviii. The pricing strategy for the product is dependent on the prices prevailing in the market which is largely dictated by subject imports. Thus, injury is attributable to price of subject imports.

xxxix. Since the domestic industry has majorly sold the subject goods in the domestic market, it is not impacted by exchange rate fluctuations.

I.3. Examination by the Director General

88. The Director General has examined and addressed the submissions in the present findings. The examination herein below in respect of serious injury and causal link deals with the submissions made by all interested parties. The following provisions are relevant in this regard.

“Rule 2(f) “serious injury” means a significant overall impairment in the position of a domestic industry;

Rule 2(g): “threat of serious injury” means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent; and

...

Rule 7 Determination of serious injury or threat of serious injury-

The Director General shall determine serious injury or threat of serious injury to the domestic industry taking into account, inter alia, the following principles, namely:

(a) the Director General shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, in particular, the rate and amount of the increase in imports of the originating good in absolute and relative terms, the share of the domestic market taken by increased imports of the originating good, changes in the level of sales, production, productivity, capacity utilisation, profits and losses, and employment; and

(b) the determination under this rule shall not be made unless the investigation demonstrates, on the basis of objective evidence, the existence of the causal link between increased imports of the originating good and serious injury or threat thereof and when factors other than increased imports of the originating good are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports of the originating goods.”

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89. The Director General has examined the issues raised by other interested parties in light of the above provisions.
90. The other interested parties have requested separate injury analysis for DOTP and DEHCH. The Director General notes that both products are included in the scope of the product under consideration and are directly competitive products as detailed in the relevant section above. It has been analysed that the prices of both products are in tandem. Further, it is noted that the customers for both products are common and use the said products interchangeably. Thus, there is no requirement to conduct separate injury analysis. The injury analysis in the present investigation has been conducted with regard to the performance of the domestic industry and the impact of imports of the product under consideration as a whole. It is further noted that even in anti-dumping investigations wherein, there are separate PCNs formed by the Director General, injury analysis is required to be conducted for the product under consideration as a whole.
91. In analysing serious injury, all factors mentioned in the Rules as well as other factors which have been brought to the notice of the Director General and which are considered relevant for determination of serious injury, have been considered. The determination of serious injury thus is based on evaluation of the overall position of the domestic industry, in light of all the relevant factors having a bearing on the situation of that industry.
- i. Rate of increase in imports in absolute and relative terms
92. As noted hereinabove, the imports have increased steeply over the period of investigation, by 550% in absolute terms. Further, the imports have also increased in relation to production, despite two new producers entering the market. The share of imports in total imports has increased from 85% in 2021-22 to 94% in 2024-25.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Imports from Korea RP	MT	6,484	16,371	35,203	42,157
Imports from other countries	MT	1,187	2,574	1,134	2,532
Indian Production	MT	***	***	***	***
Trend	Indexed	100	106	188	252
Imports in relation to Indian production	%	***	***	***	***
Trend	Indexed	100	237	286	257
Imports in relation to total imports	%	85%	86%	97%	94%

ii. Price undercutting

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93. It is noted that the as per the information available on record, the subject imports are priced below the selling price of the domestic industry and price undercutting is marginally positive. Therefore, the domestic industry is closely competing with the prices of the imported goods during the most recent period.

Particulars	Unit	2024-25
Net Sales Realization	₹/MT	***
Landed price	₹/MT	1,17,398
Price Undercutting	₹/MT	***
Price undercutting	%	***
Price undercutting	Range	0-10%

94. With regard to the submissions that import prices from Korea RP with respect to other countries should also be examined, the Director General notes that the landed price of subject imports is lower than the landed price of non-subject imports. Further, while the subject imports have undercut the prices of the domestic industry in the most recent period, the price undercutting is negative in case of non-subject imports.

Particulars	Unit	2024-25
Net Sales Realization	₹/MT	***
Landed price from Korea RP	₹/MT	1,17,398
Price undercutting – Korea RP	₹/MT	***
Price undercutting	%	***
Price undercutting	Range	0-10%
Landed price from other countries		1,21,137
Price undercutting– other countries	₹/MT	***
Price undercutting – other countries	%	***
Trends	Range	Negative

iii. Price suppression / depression

95. The Director General further notes that both cost of sales and selling price of the domestic industry has declined over the period of investigation, but the selling price of the domestic industry has declined even more than the decline in cost of sales. While the cost of sales has declined by 10%, the selling price has declined by 24%. Even during 2022-23, when the cost of sales of the domestic industry increased, the domestic industry was forced to reduce its price. The cost of sales reduced in 2023-24, with the domestic industry also being forced to reduce its prices. However, in most recent period i.e., 2024-25, the domestic industry was forced to reduce its prices by 8% even though cost of sales reduced by 2%. It is noted that the landed price of the imports has also declined during this period, and the domestic industry has been forced to reduce its

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prices to the level of the import prices. The subject imports have, therefore, suppressed and depressed the prices of the domestic industry. The same trends are observed if the comparison is made with the raw material cost, instead of total cost of sales.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	102	92	90
Raw material cost	₹/MT	***	***	***	***
Trend	Indexed	100	101	88	88
Net Sales Realization	₹/MT	***	***	***	***
Trend	Indexed	100	87	83	76
Landed price	₹/MT	1,44,732	1,27,376	1,17,407	1,17,398
Trend	Indexed	100	88	81	81

96. As regard the submission that DEHCH is a higher priced product and such product cannot cause price pressure on the domestic industry, the Director General notes that the landed price of DEHCH and DOTP is at similar level during the investigation period.

Product	Unit	2021-22	2022-23	2023-24	POI
DOTP	₹/MT	140,694	127,802	116,135	117,619
DEHCH	₹/MT	149,622	126,488	120,683	116,854

iv. Production, capacity, capacity utilization and sales

97. The performance of the domestic industry with regard to capacity, production, sales and capacity utilization over the injury period was as below:

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Capacity Installed (Plant)	MT	***	***	***	***
Trend	Indexed	100	100	100	100
Equivalent capacity (PUC)	MT	***	***	***	***
Trend	Indexed	100	100	100	100
Production (Plant)	MT	***	***	***	***
Trend	Indexed	100	73	40	33
Equivalent production considering PUC	MT	***	***	***	***
Trend	Indexed	100	97	105	98

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Production (PUC)	MT	***	***	***	***
Trend	Indexed	100	127	249	254
Capacity Utilization on equivalent basis	%	***	***	***	***
Trend	Indexed	100	98	105	99
Domestic Sales	MT	***	***	***	***
Trend	Indexed	100	131	260	253
Export sales	MT	***	***	***	***
Trend	Indexed	100	121	126	221
Captive Consumption	MT	***	***	***	***
Trend	Indexed	100	115	1,496	578

98. The domestic industry has submitted that its plant can be used for production of phthalate and non-phthalate-based plasticizers using common reactors. Further, each product produced by such reactors, requires different machine hours for its reaction. Therefore, the production quantity of different products cannot be added up and compared for capacity utilization over the injury period. Doing so would result in a situation wherein capacity utilization would appear lower in a period due to lower production in absolute terms, even though the plant was run for longer, due to the product having longer cycle time.
99. Therefore, for the purpose of this analysis, the capacity has been expressed considering if only subject goods are produced on the machine, what is the total capacity that may be utilized, having regard to the cycle time. Further, the production of other products has been converted into equivalent units of production of the subject goods, considering the time taken to produce the subject goods versus the other product. Therefore, all capacity and production figures have been denominated on a common basis.
100. The Director General notes that:
- i. The capacity of the domestic industry has remained stable over the investigation period. The capacity of the domestic industry is more than the current demand.
 - ii. The production of subject goods and sales of the domestic industry have increased. The domestic industry has submitted that the production and sales of the domestic industry have increased only due to compromising on the profitability. Since the subject imports were priced below the selling price of the domestic industry, the domestic industry reduced its prices to maintain its volume parameters.
 - iii. The capacity utilisation improved in 2023-24 and has declined during the most recent period.
 - iv. The sales of the domestic industry have increased till 2023-24 and declined slightly in the most recent period.
101. As regard the submissions that there is no injury as the captive consumption of the domestic industry has increased significantly, it is also noted that the captive

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consumption of the domestic industry, even at its highest level, that is in 2023-24, is only 0.92% of its total production and only 2.73% of its sales. It is noted that majority of the product produced by the domestic industry is being supplied to cater to demand and a negligible portion is being consumed captively.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Captive consumption	MT	***	***	***	***
Trend	Indexed	100	115	1,496	578
Production	MT	***	***	***	***
Trend	Indexed	100	127	249	254
Domestic Sales	MT	***	***	***	***
Trend	Indexed	100	131	260	253
Captive in relation to					
Production	%	***	***	***	***
Trend	Indexed	100	91	600	227
Domestic Sales	%	***	***	***	***
Trend	Indexed	100	85	569	227

v. Market share in demand

102. The market share of subject imports, domestic industry and other producers over the period was as under.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Demand					
Domestic industry sale	MT	***	***	***	***
Trend	Indexed	100	131	260	253
Sale of other producers	MT	***	***	***	***
Trend	Indexed	100	69	94	268
Subject imports	MT	6,484	16,371	35,203	42,157
Other imports	MT	1,187	2,574	1,134	2,532
Demand	MT	***	***	***	***
Trend	Indexed	100	150	281	362
Market Share					
Domestic industry	%	***	***	***	***
Trend	Indexed	100	87	93	70
Other producers	%	***	***	***	***
Trend	Indexed	100	46	33	74
Subject imports	%	***	***	***	***
Other imports	%	***	***	***	***

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103. It is noted that the market share of subject imports has increased over the investigation period. The market share of the domestic industry and Indian industry as a whole has declined over the period. The share of non-subject imports has also declined in the investigation period.

104. The interested parties have claimed that the market share of the domestic industry has declined due to entrance of other producers in the domestic market. However, it is noted that the market share of the other Indian producers has also declined. Further, the market share of non-subject imports has declined. Thus, the subject imports have taken away the market share of the Indian industry as well as the imports from other countries.

vi. Inventories

105. Inventories of the domestic industry over the injury period were as follows.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Opening inventory	MT	***	***	***	***
Closing inventory	MT	***	***	***	***
Average inventory	MT	***	***	***	***
Trend	Indexed	100	66	83	195
Sales Volume	Indexed	100	131	260	253

106. The Director General notes that the inventories of the domestic industry has increased over the investigation period and were the highest during the most recent period.

107. The interested parties have claimed that the increase in inventories is due to entry of new producers. The Director General notes that while the other domestic producers have lost market, the subject imports have gained market during the recent period. The increase in inventories can, therefore, be reasonably attributed to the subject imports.

vii. Employment and productivity

108. The Director General has examined the information relating to employment, wages and productivity, as given below:

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
No of employees	Nos.	***	***	***	***

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Trend	Indexed	100	93	86	86
Productivity Per day	MT	***	***	***	***
Trend	Indexed	100	127	249	254
Productivity Per employee	MT	***	***	***	***
Trend	Indexed	100	137	292	297

109. The Director General notes that the number of employees of the domestic industry have declined over the period. The productivity of the domestic industry has increased, majorly in response to increase in production.

viii. Profits, cash profits and return on capital employed

110. Profits, cash profits and return on capital employed of the domestic industry over the injury period are given in the table below:

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	102	92	90
Net sales realization	₹/MT	***	***	***	***
Trend	Indexed	100	87	83	76
Profit / (loss) (PBT)	₹/MT	***	***	***	***
Trend	Indexed	100	9	38	4
Profit / (loss) (PBT)	₹ Lacs	***	***	***	***
Trend	Indexed	100	12	98	11
Cash profits	₹ Lacs	***	***	***	***
Trend	Indexed	100	13	100	14
Return on capital employed	%	***	***	***	***
Trend	Indexed	100	15	48	5
Depreciation	₹/MT	***	***	***	***
Trend	Indexed	100	71	105	71
PBDIT	₹ Lacs	***	***	***	***
Trend	Indexed	100	15	103	16
PBDIT	₹/MT	***	***	***	***
Trend	Indexed	100	11	40	6
Cost of utilities	₹ Lacs	***	***	***	***
Trend	Indexed	100	135	205	105
Cost of utilities	₹/MT	***	***	***	***
Trend	Indexed	100	106	82	41

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111. The Director General notes that:
- i. The profits of the domestic industry have declined significantly in 2022-23 as compared to the previous year. While the selling price declined in 2023-24, the same was accompanied by a decline in cost of sales, providing some margins to the domestic industry.
 - ii. In 2024-25, while the cost of sales of the domestic industry have declined, the selling price has declined much more. This has adversely impacted the profitability of the domestic industry, causing it to deteriorate sharply.
 - iii. Cash profits of the domestic industry have followed the same trend. The cash profits have declined by 86% over the period.
 - iv. There has been a steep decline in the return on capital employed of the domestic industry, by 95% over the period.
112. The interested parties have claimed that the depreciation cost has increased without increase in capacities. It is noted that the information provided by the domestic industry has been examined and that the depreciation cost per unit has declined over the investigation period. In any case, it is noted that the profit without interest and depreciation has also followed a similar trend and declined significantly in 2024-25.
113. With regard to the submissions that the decline in profitability of the domestic industry is due to increase in utility cost, the Director General notes that the total utility cost of the domestic industry has increased due to increase in production. However, the per unit cost of utility of the domestic industry in the total cost of production of subject goods has declined over the investigation period. Hence, the decline in profitability is not due to increase in utility cost.
114. The interested parties have submitted that the landed price from Korea RP was lower than the landed price of imports from other countries even in 2021-22 and the domestic industry did not suffer injury during such period. The Director General notes that the imports from Korea RP were low in volume in 2021-22. In 2022-23, the imports increased at prices lower than the prices of the domestic industry. This caused a strain on the profitability of the domestic industry during this period. In 2023-24, while the imports increased further, the domestic industry reduced its cost of sales, leading to a recovery in the prices and profitability of the domestic industry. However, in 2024-25, the price of imports reduced, while the volumes increased again. This resulted in the domestic industry facing a sharp deterioration in its profitability.

Particulars	Unit	2021-22	2022-23	2023-24	2024-25
Subject imports	MT	6,484	16,371	35,203	42,157
Net Sales Realization	₹/MT	***	***	***	***
Trend	Indexed	100	87	83	76
Landed price	₹/MT	1,44,732	1,27,376	1,17,407	1,17,398

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ix. Conclusion on injury

115. Based on the above, the Director General concludes the following
- a. The imports have shown a significant rate of increase in absolute terms, and in relation to production and total imports.
 - b. The subject imports have entered India at prices below the selling price of the domestic industry.
 - c. The subject imports are undercutting the prices of the domestic industry.
 - d. While the price undercutting from subject imports is positive, price undercutting from imports from other countries is negative.
 - e. The imports have suppressed and depressed the prices of the domestic industry.
 - f. The selling price of the domestic industry has declined much more than the decline in raw material cost of the domestic industry.
 - g. While the production and sales of the domestic industry increased over the investigation period, the same is only on account of compromising on profitability.
 - h. The domestic industry has lost market share to the subject imports despite having sufficient capacity to cater to entire demand. Further, the Indian industry as a whole has lost market share.
 - i. The domestic industry has faced accumulation of inventories despite compromising on profitability.
 - j. The profitability of the domestic industry has deteriorated over the investigation period, with a decline in cash profits and return on capital employed.
 - k. The profitability without accounting for interest and depreciation has seen significant deterioration.

I.4. CAUSAL LINK

116. A comprehensive evaluation of the performance of the domestic industry, as brought out hereinabove, demonstrates that the domestic industry has suffered serious injury. The Director General has considered the following provision for examining whether injury to the domestic industry is due to tariff concessions.

“Article 2.22: During the transition period only, if as a result of the reduction or elimination of a customs duty³ under this Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such good from the other Party alone⁴ constitute a substantial cause of serious injury or threat thereof to domestic industry producing a like or directly competitive good, the Party may:

(a) suspend further reduction of any rate of customs duty on the good provided for under this Agreement; or

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(b) increase the rate of customs duty on the good to a level not to exceed the lesser of:

(i) the MFN applied rate of customs duty on the good in effect at the time the measure is taken; and

(ii) the MFN applied rate of customs duty on the good in effect on the day immediately preceding the date of entry into force of this Agreement.

⁴ For the purposes of certainty, the Parties understand that a Party is not prevented from initiating a bilateral safeguard investigation in the event of a surge of imports from the territory of non-Parties. For further certainty, the Parties understand that bilateral safeguard measures can only be imposed on the good of the other Party when the increase in the import of such goods from that other Party alone constitute a substantial cause of serious injury or threat of serious injury, to domestic industry producing a like or directly competitive good.”

117. Based on the language of the provision and the explanation provided in the footnote, it is noted that subject imports need not be the sole reason for injury but have to be form a substantial cause of injury. It is therefore, examined whether the injury to the domestic industry is *substantially* due to tariff concessions and consequent increase in imports from Republic of Korea. It was examined if any factor other than increased subject imports could have caused serious injury to the domestic industry. It is, however, expressly understood that the Korean imports need not be the sole cause of injury to the domestic industry. Industry might have been suffering injury due to other factors also and the same does not imply absence of injury to Korean imports. However, the imports from Korea, by themselves, must be a substantial cause of injury.

a. Volume and price of imports from third countries

118. It is noted that apart from Korea RP, imports from other countries are only 6% of total imports. Further, such imports are priced above the selling price, and the price undercutting of such imports is negative in the most recent period. Thus, injury to the domestic industry cannot be attributed to imports from such other countries. The imports from other countries are not significant in quantity and thus, the injury is not attributable to such imports.

b. Contraction in demand

119. The demand for the subject goods has increased over the investigation period. Hence, injury is not attributable to contraction in demand.

c. Pattern of consumption

120. The other interested parties have submitted that consumer preferences have impacted the performance of the domestic industry. The Director General notes that such claims have not been substantiated with evidence. It has also been claimed that the goods supplied by the domestic industry are not as per customer requirements. However, the

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domestic industry has provided evidence to show that the its products are compliant to international regulations (REACH) and users have regularly procure from the domestic industry as well as import the subject goods. Crucially, the sales of the domestic industry have increased over the period of investigation, which shows that the sales of the domestic industry have not been impacted by any change in pattern of consumption.

121. With regard to the submissions that injury is due to preference of consumers to buy DEHCH, the information on record shows that the customers which have imported DEHCH have continued to purchase DOTP from the domestic industry. Thus, there is no evidence of change in pattern of consumption.

d. Conditions of competition and trade restrictive practices

122. There are no trade restrictive practices or conditions of competition, which may have caused injury to the domestic industry.

e. Developments in technology

123. There has been no change in technology or plant by the domestic industry which could have caused injury to the domestic industry.

f. Productivity

124. The total production as well as productivity per day and per employee of the domestic industry has increased over the investigation period. Thus, injury cannot be due to decline in productivity.

g. Export performance of the domestic industry

125. The injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry.

h. Performance of other products

126. The injury suffered cannot be attributed to the performance of other products of the company, as the domestic industry has segregated and provided information with regard to the directly competitive goods only.

i. Currency fluctuation

127. The other interested parties have submitted that the domestic industry has incurred serious injury due to currency fluctuations. The Director General notes that no evidence has been provided by the other interested parties regarding such claim. Further, the domestic industry has sold majority of its products in the domestic market, and such sales are not impacted by any foreign exchange fluctuations. On the other hand, the currency fluctuations should adversely impact the imported goods, making the same

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less lucrative versus the domestic product. However, the same has not been seen to be the case.

j. Increase in depreciation cost and inefficiencies of domestic industry

128. The interested parties have submitted that the depreciation has increased disproportionate to the capacities. As noted above, the depreciation per unit of the domestic industry has declined. Further, the domestic industry has faced a decline in profitability even before accounting for present interest obligation and depreciation and hence, the injury to the domestic industry is not attributable to depreciation cost.

129. As regards claims that the domestic industry is inefficient, it is noted it has not been shown how any inefficiency of the domestic industry has only impacted the domestic industry during 2024-25, but not during the remaining investigation period. However, the performance of the domestic industry has deteriorated over the period. That being the case, the deterioration in performance cannot be attributed to an inherent inefficiency.

130. The other interested parties have submitted that the adjustment plan provided is with regard to making domestic industry efficient which shows that the domestic industry is inefficient. It is noted that the adjustment plan is intended to make the domestic industry more efficient to allow it to compete once the concessions are re-allowed. Such measures include cost-cutting measures which would allow a producer to maintain profitability once it is forced to reduce its prices in view of duty-free imports. Such measures cannot be used as a basis to claim that the domestic industry is currently inefficient.

k. Other factors

131. As regards the contention that injury is due to anti-dumping duty on imports of raw material, the Director General notes that such anti-dumping duty is imposed on imports from raw materials from Korea RP itself. Since any anti-dumping duty may, at best, be imposed to the extent of dumping margin, it implies that the import price in India would, after duty, be at best, at par with the price of raw materials in Korea RP. That being the case, the domestic producers and the Korean producers are at par with each other, insofar as the raw material prices are concerned.

132. The other interested parties have also claimed that injury is on account of shutdown caused due to shortage of raw material, change in product mix and maintenance of reactors. In this regard, it is noted that cleaning and routine maintenance of machines has been consistently considered as part of ordinary business operation and cannot be considered as a cause of injury. Further, it is noted that there has been no shutdown due to raw material shortage for the subject goods in the most recent period, when the domestic industry has faced decline in profitability. In fact, the production of subject goods has increased in the investigation period.

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133. Based on the examination of the above, the Director General concludes that the applicant has not suffered injury due to any other factor. The following factors show causal link between the injury to the domestic industry and increased imports from Korea RP.
- i. The subject imports have increased in absolute terms and in relation to Indian production.
 - ii. The duty-free subject imports have taken over the market share of the Indian industry as well as other countries.
 - iii. Due to the tariff concessions, the prices of subject imports are below the selling prices of the domestic industry.
 - iv. The domestic industry has been forced to compete with low priced imports by compromising on its profitability.
 - v. This has caused significant deterioration in its profitability in the most recent period.
 - vi. The cash profits and return on capital employed of the domestic industry have deteriorated over the period.
 - vii. The information on record demonstrates that injury suffered by the domestic industry is on account increase in duty-free subject imports.
134. Considering the performance of the domestic industry in respect of various parameters, it is concluded that the domestic industry has suffered serious injury as a result of duty concessions granted to Korean imports leading to increased subject imports from Korea RP.

J. ADJUSTMENT PLAN

135. The domestic industry has provided details of the adjustment plan at the time of filing of the application. The domestic industry has submitted that it is taking measures directed towards reducing cost of production as mentioned in its adjustment plan. Regarding adjustment plan given by the domestic industry, the Director General notes that the domestic industry has provided details of proposed measures it will undertake in case bilateral measures are imposed. The adjustment plan is focused on reducing variable and fixed costs. *** The Director General notes that the domestic industry has drawn up an adjustment plan which will allow it to reduce its costs and allow it to compete with the low-priced imports while retaining reasonable profitability.

K. PUBLIC INTEREST

K.1. Views of the other interested parties

136. The submissions made by the interested parties in respect of public interest are as follows:

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- i. The issue of public interest can be analyzed only once it is established that the application meets the jurisdictional requirements and fulfils the preconditions for imposition of bilateral safeguard measures under CEPA.
- ii. The downstream injury comprises of MSMEs and operates on thin margins. Imposition of measures would result in shortage of supply or price pressure for downstream industry. Measures would also result in domestic producers to gain dominance in market and raise prices significantly.
- iii. Trade remedies imposed on upstream inputs, plasticizers and feedstock chemicals, inevitably cascade through the production chain, increasing the cost of PVC compounds and ultimately the cost of finished products such as footwear, automotive components, upholstery materials, and consumer goods. The resulting cost increase may have to be transferred to end consumers.
- iv. The measures would result in increase in costs of downstream industry by 2-4% and erode their profits.
- v. Imposition of measures may cause shift to phthalate plasticizers with health/safety concerns and adversely impact the workers engaged in downstream industry.
- vi. Imposition of measures are not in public interest and would result in disproportionate harm to downstream industry.
- vii. Public interest concerns are particularly crucial in case of DEHCH, which is not supplied by the domestic industry.
- viii. Allegations of dumping are immaterial in a bilateral safeguard investigation.
- ix. Revenue generation is not the objective of safeguard measure, and is not a valid ground for imposition of measures.
- x. The geopolitical instability in Middle East has impacted supplies from Korea, which sources key feed stock from Middle East.
- xi. The Payal Group, a key domestic supplier and a supporter of the present petition, has invoked force majeure in relation to existing supply arrangements, cancelled previously agreed contracts, and simultaneously increased its prices by approximately 50–60% in the last 2 days.
- xii. The contention that there is no demand-supply gap is misleading, as the applicant is itself a new entrant in the market, having started production in 2021-22. By contrast, imports from Korea have been tested and validated for use in critical applications.
- xiii. The imposition of 7.5% duty would increase the cost of PVC compound used in medical devices by 2.5-2.8%.

K.2. Views of the domestic industry

137. The submissions made by the domestic industry in respect of public interest are as follows:
- i. The imposition of measures will not have any adverse impact on the public at large and other stakeholders.

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- ii. The imposition of measures would allow domestic industry to remain viable in the Indian market. Further, new producers have set up and plan to set up capacities in India. Imposition of measures would enable other domestic producers to undertake investments and build production capacities.
- iii. Exporters from Korea have been subject to anti-dumping duties in the US. Due to such measures, the market for subject goods is limited in the US and exporters are likely to re-direct supply to India. If measures are not imposed to allow the domestic industry time to compete, the country will become completely import reliant on imports.
- iv. Non-imposition of measures will render manufacturing unviable and force domestic producers to operate as traders as such producers would not be incentivised to under production activities. This would lead to loss of GDP and employment in the country.
- v. Imposition of measures is required to encourage investments and ensure the success of "Make in India" initiatives of the Government. Imposition of measures is critical for viability of producers and the impact of such measures on consumers is negligible.
- vi. Imposition of measures would allow the domestic industry to remain competitive. The consumers will have to maintain lower inventories in case of procurement from domestic sources.
- vii. The domestic industry has not requested for additional duty, but only withdrawal of concessions under CEPA and re-imposition of Custom Duty at MFN rate. Impact of such duty will be negligible.
- viii. The subject goods only form a small portion of end-use product, and any impact of the measures would be minimal.
- ix. The domestic industry has sufficient capacity to cater to the demand in India and there is no demand supply gap in the country.
- x. The users do not purchase products based on long term contracts and can change suppliers easily to procure goods from domestic industry.
- xi. There are multiple producers in the market with sufficient capacity to cater to demand. The inter-se competition will ensure fair prices in the Indian market.
- xii. Imposition of duties will improve performance of the domestic industry and encourage performance linked Corporate Social Responsibility initiatives for the benefit of the environment and socially vulnerable communities.
- xiii. Imposition of Customs Duty would allow collection of duties amounting to ₹ 3,822 Lakhs which is otherwise revenue foregone.
- xiv. Several downstream products of the subject goods such as two-wheeler, four-wheeler cars and paints and varnishes have seen reduction in GST. As a result, any impact due to the imposition of measures would be neutralised by a reduction in GST rates.
- xv. The domestic industry has supplied to a number of consumers which produce medical devices.

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K.3. Examination of the Director General

138. While the Rules do not require the Director General to examine whether the imposition of measures would be in public interest, the Director General has nevertheless examined whether the imposition of safeguard measures shall be in the larger public interest. The same requires, inter alia, evaluation of impact of the safeguard measures on various stakeholders, and taking a balanced view keeping in view competing interests of different interested parties measures. For this purpose, the Director General sought views from all the interested parties, including the applicant, other producers, exporters, importers, users and government of Republic of Korea. The Director General sought information on relevant information through economic interest questionnaire to examine the impact of the proposed measures on all interested parties.
139. As noted above, the imports of duty-free subject goods have caused serious injury to the domestic industry. This has threatened the viability of the domestic producers in India. Further, new producers have entered in the market which may not remain viable if forced to sell at present prices. It is noted that imposition of measures will allow time to make appropriate adjustments to the domestic industry and other producers to compete with low priced imports.
140. The Director General prescribed a user questionnaire in which the users have provided information on impact of measures on the final cost and price of consumer's end products. The information provided by the users and by the domestic industry has been considered for the purpose of ascertaining the impact of proposed measures. It is noted that the present measures are not directed towards imposing any additional duty but only towards withdrawal of concession given earlier, that too in respect of imports from Korea RP alone. Imports from all other sources are totally unaffected by the proposed measures. Further, proposed measure would bring Korean imports at par with imports from other countries, that is subject such imports to the MFN duty rate.
141. As regards the argument that the imposition of the bilateral safeguard will lead to increase in the cost of the downstream product and will impact the downstream industry, the Director General notes that the removal of concessions will affect the price levels of the product in India. However, while the users have filed economic interest questionnaire, no impact has been quantified by the users on the downstream product in such response. The domestic industry has submitted calculations of impact of further downstream products, that is, footwear and wires and cables. The calculations provided show that the impact of measures on such products is negligible. Therefore, the impact of the measures on the ultimate end product shall be insignificant.
142. It has been pointed out by the domestic industry that several other ultimate end-use products of the subject goods such as two-wheeler, four-wheeler cars and paints and

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varnishes have seen reduction in GST. It is noted that the impact of such reduced incidence of tax will provide cost advantage to the downstream industry and end-consumers.

143. In this regard, it is noted that that there is no demand-supply gap and the domestic industry has sufficient capacity to cater to any growth in demand. Further, new producers have entered the Indian market which can also contribute and ensure the competitive supply options. The concerns that measures would result in shift to phthalate plasticizers with health/safety concerns will also be catered as the sufficient capacities in the country would allow all users to procure the product domestically. In any case, the imposition of measure is temporary, and parties are free to import the products on MFN duty.
144. It has been submitted by the domestic industry that the exporters from Korea RP have been subjected to anti-dumping duties in the USA. It is noted that due to such measures, the market for subject goods is limited and exporters find India to be a lucrative market with concessional duty.

L. CONCLUSIONS AND RECOMMENDATIONS

145. Based on the submissions of all interested parties, the Director General notes the following-
- i. The product produced by the applicant is the like and directly competitive goods to that being imported from the subject country.
 - ii. The application has been filed by the domestic producer constituting 62% share in total production. The applicant satisfies the requirement of standing in terms of the Rules.
 - iii. The subject imports have increased significantly in absolute term and in relation to production in India due to elimination of Basic Customs Duty on imports from Korea.
 - iv. The subject imports have entered India at prices below the selling price of the domestic industry.
 - v. The price undercutting is positive only due to elimination of Basic Customs Duty. In case, applicable MFN Customs duty was imposed, the imports from Korea would have been priced higher than the price of domestic producers and other imports.
 - vi. While the market share of the subject imports has increased, the market share of the Indian industry and other countries have declined.
 - vii. While the production and sales of the domestic industry increased over the investigation period, the same was only due to the fact that the domestic industry has compromised on profitability.

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- viii. The average inventories of the domestic industry have increased despite compromising on profitability.
 - ix. The profitability of the domestic industry has deteriorated over the period.
 - x. The cash profits of the domestic industry have declined, and it has faced a deterioration in its return on capital employed.
 - xi. The increased imports have caused serious injury to the domestic industry.
 - xii. No other factor as a cause of injury has been established by the interested parties.
 - xiii. There exists a causal link between the increased imports and serious injury to the domestic industry
 - xiv. The adjustment plan proposed to be implemented by the domestic industry will adequately allow it to achieve competitiveness and maintain profits.
 - xv. Withdrawal of concessions will remedy the injury suffered by the domestic industry.
 - xvi. The product under consideration does not form a significant part of the downstream product and will negligible impact on the downstream industry.
 - xvii. The domestic industry has sufficient capacity to cater to the entirety of the demand.
146. It is, thus, considered appropriate to recommend bilateral safeguard measure in terms of Rule 10 of the Rules. Accordingly, the Director General recommends withdrawal of concessions and imposition of customs duty on imports of subject goods originating in Korea RP to the lower of below:
- a. Most Favoured Nation applied rate of customs duty on the subject goods as on the date of application of Bilateral safeguard measure or
 - b. Most Favoured Nation applied rate of customs duty on the subject goods as on the day immediately preceding the date of entry into force the CEPA.
147. The measure is recommended for a period of two years as per table below from the date of issue of the notification to be issued by the Ministry of Finance in this regard.

Year	Details of measures recommended
Year 1	Increase the rate of customs duty @100% to the level of Most Favoured Nation applied rate of customs duty
Year 2	Increase the rate of customs duty @75% to the level of Most Favoured Nation applied rate of customs duty