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

Dated 30.09.2020

INITIATION NOTIFICATION

(Case No- AD-OI 34/2020)

Subject: Initiation of anti-dumping investigation concerning imports of “Caprolactam” originating in or exported from European Union, Korea RP, Russia and Thailand.

1. Gujarat State Fertilizers and Chemicals Limited (hereinafter also referred to as the ‘Applicant’) filed an application before the Designated Authority (hereinafter referred to “Authority”) in accordance with Customs Tariff Act, 1975 as amended from time to time (herein after referred to as the “Act”) and Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the “Rules”) for initiation of anti-dumping investigation concerning imports of “Caprolactam” (hereinafter referred to as the “subject goods” or “product under consideration” or “PUC”) originating in or exported from European Union, Korea RP, Russia and Thailand (hereinafter referred to as “subject countries”).
2. The Applicant has alleged that material injury is being caused to the domestic industry due to dumped imports from the subject countries and has requested for imposition of the anti-dumping duties on the import of the subject goods originating in or exported from the subject countries.

A. Product under consideration

3. The product under consideration in the present application is Caprolactam which is a monomer and a base material for production of Nylon-6. Caprolactam is produced and sold in both liquid and solid forms.
4. The product under consideration is classified under chapter 29 of the Customs Tariff Act, 1975 under the tariff heading 29337100. The custom classification is indicative only and not binding on the scope of investigation.

B. Like Article

5. The Applicant has claimed that the subject goods exported to India are identical to the goods produced by the domestic industry. Subject goods produced by the domestic industry are comparable to the imported goods from subject countries in terms of technical specifications, manufacturing process & technology, functions & uses, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicant are being treated as 'Like Article' to the subject goods being imported from the subject countries

C. Domestic industry & standing

6. The application has been filed by Gujarat State Fertilizers and Chemicals Limited. The other producer has not undertaken any production in the period of investigation and therefore the production of the applicant accounts for the entire production in India. The applicant is not related to any importer of the subject goods in India or exporter of subject goods in the subject countries. The Applicant has imported small quantity of subject goods from Korea and Thailand. The volume of imports is insignificant in relation to total imports into India and demand in India. On the basis of the information on record, the Authority notes that the applicant constitutes eligible domestic industry in terms of Rule 2(b) and the application fulfils the criteria of standing in terms of Rule 5(3) of the Rules.

D. Basis for Alleged Dumping

i. Normal value

7. The applicant has stated that transaction prices of the producers in the domestic market of the subject countries are not available in the public domain and that it does not have access to any reports for prices available in the subject countries. Further, there is significant variation in the export prices from the subject countries. Therefore, the normal value has been constructed based on the cost of the domestic industry duly adjusted with selling, general and administrative expenses and reasonable profit.

ii. Export Price

8. The export price for subject goods from the subject countries has been computed based on the Directorate General of Commercial Intelligence and Statistics transaction-wise import data. Price adjustments have been made for ocean freight, marine insurance, commission, port expenses, bank charges and inland freight expenses.

iii. Dumping Margin

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

E. Injury and Causal Link

10. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished prima facie evidence regarding the injury having taken place as a result of the alleged dumping, resulting in increased volume of dumped imports in absolute terms and in relation to production and consumption in India on the domestic industry. The performance of the Applicant has been adversely impacted in respect of production, sales, capacity utilization, market share, and losses are being suffered by the domestic industry with negative return on capital employed during the period of investigation (POI), as a result of increase in imports of product under consideration at a price below non-injurious price. There is prima facie evidence of material injury being caused to the domestic industry by dumped imports from subject countries.

F. Initiation of Anti-Dumping Investigation

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

G. Subject Countries

12. The subject countries for the present investigation are European Union, Korea RP, Russia and Thailand.

H. Period of Investigation (POI)

13. The period of investigation (POI) in the present investigation is 1st April, 2019 to 31st March, 2020 (12 months). The injury period of investigation will, however, cover the periods 2016-17, 2017-18, 2018-19 and the period of investigation.

I. Procedure

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

J. Submission of Information

15. In view of the special circumstances arising out of COVID- 19 pandemic, all communication should be sent to the Designated Authority via email at email address adg12-dgtr@gov.in adv11-dgtr@gov.in, dd13-dgtr@gov.in and ad11-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/ MS Word format and data files are in MS Excel format.
16. The known producers/exporters in the subject countries, Governments of the subject countries through their Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
17. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below.
18. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

K. Time Limit

19. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg12-dgtr@gov.in adv11-dgtr@gov.in, dd13-dgtr@gov.in and ad11-dgtr@gov.in within thirty days from the date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
20. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

21. The interested parties are further advised to keep a regular watch on the official website of DGTR i.e. www.dgtr.gov.in for any updated information with respect to this investigation.

L. Submission of information on confidential basis

22. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non- confidential version of the same in terms of Rule 7(2) of the Rules. Failure to adhere to the above may lead to rejection of the response / submissions.
23. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
24. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
25. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
26. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
27. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.

28. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
29. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

M. Inspection of Public File

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

N. Non-cooperation

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



(B.B. Swain)

Special Secretary and Designated Authority