
MINISTRY OF COMMERCE AND INDUSTRY
(Department Of Commerce)
(DIRECTORATE GENERAL OF TRADE REMEDIES)
INITIATION NOTIFICATION
New Delhi, the 26th September, 2023
Case No AD(OI) 14/2023

**Subject: - Initiation of Anti-Dumping Investigation on
exported from Korea RP, Thailand and China PR.**

F. No. 06/15/2023-DGTR. 1. Having regard to the Customs Tariff Act 1975, as amended from time to time
the Customs Tariff (Identification, Assessment and Collection of Anti-
dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to
chem Limited (hereinafter referred to as

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chemical name of the product, which is also used in the customs classification is 1-chloro-2,3-epoxypropane. Its chemical formula is C_3H_5ClO .

4. It is a colourless liquid with a pungent, garlic-like odour, moderately soluble in water, generally produced with purities of greater than 99%. It is majorly used to make epoxy resins, which account for nearly 80% of its consumption. It is also used in pharmaceutical API, water treatment, paper chemicals, synthetic rubbers, surfactants, adhesives, elastomers, plastics and rubbers and as a strength additive in papers. The product can be produced using propylene as well as using glycerine.
5. The product under consideration is conventionally produced using propylene, where propylene chlorination is done at high temperatures to produce allyl chloride. Following allyl chloride separation and allyl chloride hydrochlorination, dichlorohydine is produced and allylchloride is recovered. Dichlorohydine undergoes saponification to produce ECH which is then purified. However, such a production process results in high waste generation and thus, requires high capital expenditure for disposal. To overcome these challenges, ECH is now produced using bio-based glycerine, which is an environment friendly production process.
6. The subject goods are classified under Chapter 29 of the Customs Tariff Act under the heading 2910 under the subheading 2910 30 00. The customs classification is only indicative and is not binding on the scope of the product under consideration.

B. Like article

7. The applicant has claimed that there are no known significant differences in the goods produced by the domestic industry and those exported from the subject countries. While the applicant has produced the subject goods using the bio-based glycerine route, the product can be produced using the propylene route as well. The applicant has submitted that there are no differences in the product manufactured using propylene, if any, and that produced using glycerine. ECH produced using both routes have the same technical and physical characteristics, applications, pricing and customers. The subject goods produced by the domestic industry are comparable to the imported goods from the subject countries in terms of technical specifications, functions & uses, pricing, distribution & marketing and tariff classification of the goods. The applicant claimed that the two are technically and commercially substitutable. Therefore, for the purpose of the proposed investigation, the subject goods produced by the applicant a to the subject goods originating in or exported from the subject countries.

C. Domestic industry and standing

8. The application has been filed by Meghmani Finechem Limited. The applicant is the sole producer of the subject goods in the country, having commenced commercial production in June 2022.
9. The applicant has stated that it has not imported the subject goods from the subject countries and that it is not related to any exporter of the subject goods in the subject countries or importer of the subject goods in India.
10. The Authority notes that Meghmani Finechem Limited is the sole producer of like article in India. The applicant accounts for a major proportion of the total domestic production in India. In view of the above and after due examination, the Authority notes that the applicant constitutes eligible domestic industry in terms of Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

D. Normal value

Normal value for Korea RP

11. The applicant has claimed that it did not have access to any evidence of domestic selling price in Korea RP. Thus, the applicant has adopted the price of exports from Korea RP to an appropriate third country, that is Japan, derived through Trade Map data for the determination of normal value, considering that the volume of exports to Japan represents the volume of exports that are comparable to exports to India. The FOB prices derived from the Trade Map have been adjusted for port expenses, inland freight, commission and bank charges to determine ex-factory normal value. There is sufficient *prima facie* evidence of normal value claimed for Korea RP.

Normal value for Thailand

12. The applicant has claimed that it did not have access to any evidence of domestic selling prices in Thailand. Thus, the applicant has adopted the price of exports from Thailand to an appropriate third country, that is Korea RP, derived through Trade Map data for the determination of normal value, considering that the volume of exports to Korea RP represents the volume of exports that are comparable to exports to India. The FOB prices derived from the Trade map have been adjusted for port expenses, inland freight, commission and bank charges to determine ex-factory normal value. There is sufficient *prima facie* evidence of normal value claimed for Thailand.

Normal Value for China PR.

13. The applicant has cited and relied upon Article 15(a) (i) of China's Accession Protocol. The applicant has claimed that the producers in China PR must be asked to demonstrate that market economy conditions prevail in the industry producing the subject goods in terms of Para 8(3) of Annexure I of the Rules with regard to the manufacture, production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of para 7 and 8 of Annexure I to the Rules.
14. The applicant has submitted that the data relating to cost or price in a market economy third country or recourse to other alternative methods is not available at this stage. The applicant has constructed the normal value based on the best estimates of the cost of production in India as per the best information available with reasonable addition for selling, general & administrative expenses, and profits. There is sufficient *prima facie* evidence of normal value claimed for Thailand.

E. Export price

15. The export price of the subject goods has been determined by considering the CIF price of the subject goods, as reported in the DGCI&S data. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight, and bank charges to arrive at an ex-factory export price. There is sufficient evidence of export prices claimed for the subject countries.

F. Dumping margin

16. The normal value and export price have been compared at the ex-factory level. The Authority has compared the normal value and export price on a quarterly basis. There is sufficient evidence that the normal value of the subject goods in the subject countries is significantly higher than the ex-factory export price indicating, *prima facie*, that the subject goods are being dumped by the exporters from the subject countries into the Indian market and the dumping margin is above *de-minimis* so as to justify the initiation of the investigation.

G. Injury and Causal link

17. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished *prima facie* evidence establishing that the imports have materially retarded the establishment of the domestic industry in India. The applicant has claimed that the volume of imports has increased significantly despite the domestic industry commencing production, while the prices have declined even below the raw material cost. It has also been claimed that the imports are undercutting the actual as well as the projected prices of the domestic industry, and the significant decline in prices is suppressed and depressed the domestic prices. The applicant has highlighted that they have been unable to achieve their projected prices due to the significantly low import prices. This has adversely impacted the performance of the domestic industry with respect to low-capacity utilization production and sales, which are much below the projected levels as the imports forced the domestic industry to suspend operations for 50% of their operating period. Despite having the capacity to cater to more than half the market share, the domestic industry has been able to cater to less than 10%, resulting in a significant accumulation of inventories. The applicant has claimed that they are unable to recover even their variable costs and have faced significant losses, cash losses and negative return on capital employed. There is sufficient *prima facie* evidence of injury being caused to the domestic industry in the form of material retardation by the dumped imports from the subject countries to justify the initiation of an anti-dumping investigation.

H. Initiation of Anti-Dumping Investigation

18. On the basis of the duly substantiated application filed by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the applicant, 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 subject goods 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.

I. Subject countries

19. The applicant had requested the initiation of an anti-Republic of China, Taiwan, the Republic of Korea and the Kingdom of Thailand. However, the Authority has determined that the dumping margin for imports originating in or exported from Taiwan is negative. Accordingly, the Authority has not found it appropriate to initiate an investigation into imports from Taiwan.

Therefore, the subject countries for the present anti-dumping investigation are Korea RP, Thailand and China PR.

J. Period of investigation

20. The period of investigation for the purpose of the present investigation is 1st April 2022 to 31st March 2023 (12 months). The injury analysis period covers the period of investigation and the three preceding financial years 2019-20, 2020-21, 2021-22 and the period of investigation. Further, since the applicant was operational only during the period of investigation, the quarterly performance of the applicant may also be analyzed.

K. Procedure

21. Principles as given in Rule 6 of the Rules will be followed for t

