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**Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

**Dated the 26th
December, 2008**

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping investigation concerning imports of ‘Carbon Black used in rubber applications’ originating in or exported from Australia, China PR, Iran, Malaysia, Russia and Thailand.

No.14/21/2008-DGAD: The Association of Carbon Black Manufacturers, Kolkata have filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended in 1995(hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on dumped articles and for determination of injury) Rules, 1995 (hereinafter referred to as the Rules) alleging dumping of ‘Carbon Black used in rubber applications’ (hereinafter referred to as the subject goods) originating in or exported from Australia, China PR, Iran, Malaysia, Russia and Thailand (hereinafter referred to as the subject countries) and requested for initiation of anti dumping investigation for levy of anti dumping duties on the subject goods.

2. And whereas, the Authority finds that sufficient evidence of dumping of subject goods from the subject countries, injury to the domestic industry and causal link between the dumping and injury exist to justify initiation of an anti-dumping investigation; the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which, if levied, would be adequate to remove the injury to the domestic industry.

3. Domestic Industry

The Application has been filed by Association of Carbon Black Manufacturers, Kolkata on behalf of the domestic industry. M/s. Phillips Carbon Black Limited has provided injury information, whereas M/s. Hi-Tech Carbon and M/s. Continental Carbon India Limited have supported the petition. As per the evidence available on record, production of M/s. Phillips Carbon Black Limited accounts for a major

proportion of the total domestic production and production of Carbon Black along with supporters is more than 50% of Indian production. The petition thus satisfies the requirements of Rule 2(b) and Rule 5(3) of the Rules. Accordingly, M/s. Phillips Carbon Black Limited is being treated as “domestic industry” within the meaning of Rule 2(b) supra.

4. Product under consideration

The product under consideration is ‘Carbon Black used in rubber applications’. It is an inorganic chemical used in production/ processing of rubber (including tyres), as a reinforcing filler.

Carbon Black is also known as acetylene black, channel black, furnace black, lamp black, lampblack, thermal black, and noir de carbone.

Carbon black can be divided into two categories – rubber and non-rubber applications Carbon black. Carbon black for rubber applications is the Carbon black that is used in production/ processing of rubber (including tyres), as a reinforcing filler. The present investigation is in respect of Carbon black used in rubber applications. Carbon black used in non-rubber applications, such as inks in copiers and computer printer cartridges, paints, crayons and polishes is not within the scope of the present investigation.

The subject goods fall under Chapter 28 of the Act under subheading no. 28030010. The customs classification is indicative only and is in no way binding on the scope of the present investigation.

5. Like Articles

The petitioner has claimed that the goods produced by the domestic industry are the like articles to the goods originating in or exported from subject countries in terms of the definition of like articles under Rule 2 (d) of the Rules. It has been stated that there is no significant difference in the subject goods produced by the petitioner and those exported from subject countries. Petitioner claims that the two are technically and commercially substitutable. For the purpose of present investigation, the subject goods produced by the domestic industry is being treated as like articles of the subject goods imported from subject countries within the meaning of the Rules supra.

6. Countries involved

The country involved in the present investigation are **Australia, China PR, Iran, Malaysia, Russia and Thailand.**

7. Normal value

The petitioner has claimed that China PR should be treated as Non-Market Economy and therefore the normal value should be determined in accordance with Para 7 and 8 of Annex-I of the Rules. The applicant has submitted that Thailand can be considered as an appropriate market economy third country for determination of normal value in China PR and has provided information with regards to price of subject goods in Thailand.

With regard to normal value in Australia, Iran, Malaysia and Russia; the petitioner has claimed normal value for the subject goods on the basis of best estimates of cost of production, including selling, general, administrative & finance expenses and reasonable profit. In case of Thailand, the applicant has claimed normal value on the basis of price in Thailand (based on the information on price of one of the Thai producers). Normal value has been determined separately for each grade imported of the product under consideration. There is sufficient evidence with regard to normal value to justify initiation of an anti-dumping investigation in terms of the Rules.

8. Export Price

The petitioner has claimed export price based on the transaction-wise data provided by IBIS. Adjustments have been claimed on account of inland freight, ocean freight, commission, etc. to arrive at net export price at ex-factory level. Export price has been determined separately for each grade imported of the product under consideration. There is sufficient evidence with regard to export price to justify initiation of an anti-dumping investigation in terms of the Rules.

9. Dumping margin

There is sufficient evidence that the normal value of the subject goods in each of the subject countries are significantly higher than their net export price, prima-facie indicating that the subject goods are being dumped by the exporters from the subject countries. The petitioner has claimed that in view of significant changes in the costs & prices of the product under consideration within the proposed investigation period, comparison of normal value with export price must be done in respect of the sale made at as nearly as possible the same time. For the purpose, the petitioner has done comparison of normal value with export price on the basis of quarterly averages. Further, the petitioner has compared export price with normal value of the comparable grade.

10. Injury and Causal Link

The petitioner has furnished information on various parameters relating to injury to the domestic industry as prescribed under para (iv) of Annexure – II of the Rules. The evaluation of the information shows that imports have increased in absolute terms and in relation to production & consumption in India. Imports are undercutting the prices of the domestic industry. On the basis of the information provided, it is seen that the performance of the domestic industry deteriorated in terms of profits, return on investments, cash profit, inventories, and market share on account of alleged dumping of subject goods from subject countries. The petitioner has claimed with quantified information that the deterioration is more pronounced, if examined on quarter-on-quarter basis within the proposed period of investigation. In addition to material injury, the petitioner has claimed threat of material injury on the grounds of significant difference in the domestic and imported product price and ability of the subject exporters to ship significantly higher volumes. The petitioner has estimated, based on the situation prevailing in the period of investigation, much higher extent of injury during Oct.-Dec., 2008 and Jan.-March, 2009 period.

There is sufficient evidence that the ‘injury’ to the domestic industry has been caused by dumped imports from subject countries to justify initiation of an anti-dumping investigation in terms of the Rules.

11. Period of investigation

The period of investigation for the purpose of present investigation is **1st October 2007 to 30th September 2008**. However, the injury investigation period will cover the periods April 2005-March 2006, April 2006-March 2007, April 2007-March 2008 and the Period of Investigation (POI). For threat of injury, the data beyond the POI would also be examined.

12. Imposition of anti dumping duties on retrospective basis

The petitioner has requested for retrospective imposition of duty on the grounds that there is history of dumping, the exporters are well aware that they are resorting to dumping; importers are, or should have been, well aware that the exporters are practicing dumping; there is significant price difference between the domestic and imported product, which is likely to increase further in future. On the basis of information submitted, the Authority considers that there is prima facie evidence justifying consideration of retrospective imposition of anti dumping duties. The interested parties may make their submissions in this regard as well.

13. Submission of information

The exporters in the subject countries and their Government through their Embassy/ High Commission in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Department of Commerce,
Ministry of Commerce & Industry,
Room No.240, Udyog Bhawan,
New Delhi-110107.

As per Rule 6(5) of the Rules supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation, and to representative consumer organizations who can furnish information which is relevant to the investigation regarding dumping, injury and causal link. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

14. Time limit

Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the facts available on record in accordance with the Rules supra.

15. Submission of Information on Non-Confidential basis

In terms of Rule 7 of the AD rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing such information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

16. Non cooperation

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.

17. Inspection of Public File

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

(R. Gopalan)
The Designated Authority