

**GOVERNMENT OF INDIA**  
**MINISTRY OF COMMERCE & INDUSTRY**  
**DEPARTMENT OF COMMERCE**  
**(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)**

**NOTIFICATION**

**NEW DELHI,**  
**The 1st March 2007**

**SUNSET REVIEW**

**FINAL FINDINGS**

**Sub: Sunset review of definitive Anti-Dumping duty on imports of Potassium Permanganate originating in or exported from Peoples Republic of China.**

**A. INITIATION**

**No. 15/5/2006-DGAD** - Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter also referred to as the ACT) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter also referred to as Rules),

2. WHEREAS the Designated Authority (hereinafter referred to as the Authority), vide its final findings on 8<sup>th</sup> Sept 2001, recommended imposition of definitive Anti Dumping Duty on imports of Potassium Permanganate (hereinafter referred to as subject goods) originating in or exported from China P.R., Hong Kong and Chinese Taipei and definitive antidumping duty was imposed by the Central Govt. vide Notification No: 113/2001 dated 01.11.2001 as amended by Notification No: 85/2003-Customs dated 27.05.2003.

3. AND WHEREAS, the Authority conducted a mid term review of the measure in force, on the request of the exporters of the subject goods from China PR i.e. M/s Groupstars Chemical (Yunan) China LLC, China PR, a joint venture between Yunan Province Jianshui County Chemical Industry Factory, China PR' Groupstars Chemical LLC, USA and Beijing Zhonghui Yuantong Investment consultation Centre, Beijing and issued its final findings notified vide notification dated 3<sup>rd</sup> June 2005 recommending continued imposition of the duty on the subject goods originating or exported from China PR. The Authority also recommended withdrawal of duty on the subject goods originating in or exported from Hong Kong and Chinese Taipei.

4. AND WHEREAS acting on the recommendation of the Designated Authority, the Central Government, vide notification No. 82/2005-Cust, dated 14.09.2005, modified the duty on the subject goods originating or exported from China PR and withdrew the duty on the subject goods originating or exported from Hong Kong and Chinese Taipei.

5. AND WHEREAS On the basis of a duly substantiated request made by M/s Universal Chemicals Ltd, one of the domestic producers, commanding a major proportion of the domestic production of the subject goods, the Designated Authority initiated a sunset review of the Anti Dumping Duty in force on the imports of the subject goods from China PR (hereinafter referred to as subject country), vide notification dated 3<sup>rd</sup> March 2006, under Section 9 (A) 5 of the Acts, to examine whether cessation of antidumping duty is likely to lead to continuation or recurrence of dumping and injury. M/s Eshaditi Chemicals, another producer of the subject goods, which has set up a new production unit of the subject goods and started commercial production in July 2005, have also filed a separate request for the same.

6. AND WHEREAS vide notification No. 26/2006-Cus dated 10.03.2006, the definitive duties were extended by the Central Govt. under Section 9A (5) for a further period of one year, i.e., till 12<sup>th</sup> march 2007.

## **B. PROCEDURE**

7. The procedure described below has been followed with regard to this investigation:

- i) After initiation of the sunset review the Authority sent questionnaires, alongwith the initiation notification, to all known exporters/producers in the subject countries, and domestic industry in India in accordance with the Rule 6(4), to elicit relevant information;
- ii) The Embassy of the subject country in New Delhi was informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in the subject country to respond to the questionnaire within the prescribed time.
- iii) Questionnaires were sent to known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4).
- iv) Investigation was carried out for the period starting from 01.10.2004 to 30.09.2005 (POI). However, injury examination was conducted for a period from 2001-02 to 2004-05 and POI.
- v) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, and the period of investigations;
- vi) The following known producers of the subject goods, in India, were also requested to file their cost and injury information for injury and Non-injurious price determination
  - a) M/s. Eshaditi Chem. Pvt. Ltd; and
  - b) M/s. Libox Chem (I) Pvt. Ltd

- vii) Questionnaire response has been received from M/s Groupstars Chemical (Yunan) China LLC, China PR. No other exporter from the subject country has submitted any response, in any manner, to the initiation notification.
- viii) The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- ix) The Authority verified the information furnished by the domestic industry to the extent possible examine the injury suffered and to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP).
- x) The information furnished by the cooperating exporter from the subject country were also verified so as to determine the degree and extent of dumping and likelihood of dumping in the event of withdrawal of duty.
- xi) The Authority held a public hearing on 9<sup>th</sup> January 2007 to hear the interested parties orally, which was attended by representatives of the domestic industry, exporters of the subject goods from China. The parties attending the public hearing were requested to file written submissions of views expressed orally. The written submissions received from interested parties have been considered by Designated Authority in this finding;
- xii) In accordance with Rule 16 of the Rules supra, the essential facts under consideration of the Authority and the basis of determination proposed to be adopted were disclosed to known interested parties as general disclosures and confidential disclosures vide disclosure statement dated 15<sup>th</sup> February 2007. The views of the interested parties, to the extent they are relevant and supported by evidence, have been considered by the Authority in these findings.
- xiii) The Authority has examined the confidentiality claims of various interested parties in respect of the data submitted by them. The information, which is by nature confidential or which has been provided on a confidential basis by the interested parties' alongwith non-confidential summary thereof, has been treated confidential. \*\*\*\* In the Notification represents information furnished by interested parties on confidential basis and so considered by the Authority under the Rules.

### **C. PRODUCT UNDER CONSIDERATION AND 'LIKE ARTICLE'**

8. The product under consideration in the original investigation and the product attracting antidumping duty is Potassium Permanganate, which is an inorganic chemical. Potassium Permanganate is a dark purple crystalline material. It is a compound of manganese, potassium and oxygen. The product is odorless and soluble in water. The chemical formula of Potassium Permanganate is  $KMnO_4$ . The product is classified under custom sub-heading 2841.61 of the Custom Tariff Act,

1975. This being a sunset review investigation, this investigation covers the product covered in the original investigation only. No argument has been extended, by any interested party, on the issue of product under consideration or like article and therefore, the Authority holds that the product being manufactured by the domestic industry and the product being manufactured and exported from the subject country are alike in all respect.

#### **D. Domestic Industry and standing**

9. The Authority notes that there are three known producers of the subject goods in the domestic market in India namely, M/s Universal Chemicals, M/s Eshaditi Chemicals Pvt. Ltd, and M/s Libox Chem (I) Pvt. Ltd. M/s Eshaditi Chemicals has also filed a separate application for the sunset review. However, this producer has commenced production only during the POI of the current investigation. M/s Libox Chemical, the third known producer, has also a very marginal production commenced during the POI. However, these producers commanded approximately 12% of total production during the POI. The application for the sunset review has been filed by M/s Universal Chemicals commanding about 88% of total domestic production and therefore, commands the standing to file the application in terms of Rule 2(b). However, in order to determine the non-injurious price and injury determination for the domestic industry as a whole M/s Eshaditi and M/s Libox were also asked to file their cost and injury data. But these producers have not filed any information before the Authority. The Authority notes that these two producers have commenced their production towards the last quarter of the current POI and therefore, their cost and injury data would not be very relevant for the current case. No argument has been raised by any interested party about the standing of the applicant to file this application. Therefore, the Authority holds that the applicant constitutes the domestic industry for the purpose of this investigation.

#### **E. DUMPING DETERMINATION**

10. The Authority, notes that in the past three years China PR has been treated as a non-market economy country in the anti-dumping investigations by WTO members such as EU and USA. Paragraph 8, Annexure I to the Anti Dumping Rules as amended, provides that the presumption of a non-market economy can be rebutted if the exporter(s) from China provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- a) the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;

- b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- d) the exchange rate conversions are carried out at the market rate.

11. The Authority notes that only one exporter from China PR i.e., M/s Groupstars (Yunnan) LLC, PR China has filed its questionnaire response after seeking extension of time.

12. In view of the non-market economy presumption in respect of the Peoples Republic of China, and market economy claims by the individual exporter mentioned above, the Authority has examined as to whether the responding exporters can be given individual market economy treatment. In this connection the Authority examined whether these exporters are operating under market signals and their commercial operations are not affected by any significant state intervention.

## **E.1 Examination of Market Economy Status**

### **E.1.1 M/s Groupstars (Yunnan) LLC, China PR**

13. The Authority notes that in the previous investigation M/s Groupstars (Yunnan) Chemicals LLC participated as the producer of the subject goods alongwith the related exporter M/s YPJCCIF and after detailed examination of the status of the parties involved the Authority determined that the exporter and the producers had significant state holding in the joint venture and there is a significant carry over of distortions from the erstwhile market economy system, as a result of which the cost and prices of the company did not reflect the market signals. Accordingly, market economy status was not granted to this exporter in the previous investigation. However, M/s Groupstars has made a claim for market economy treatment in this investigation and accordingly, filed a detailed submission in terms of para 7 & 8 of the Annexure-I of the Antidumping Rules. On the basis of the questionnaire response filed by the exporter verification was carried out in the premises of the exporter to establish whether there is any significant change in the status of the exporter and whether the company operates as per market signals.

14. Referring to the findings of the Authority in the previous mid-term review investigation the exporter was asked to explain the current status of the company and provide the copies of current registration documents, shareholding documents and any other document that can provide clear understanding of its holding patters and status. The company produced its recent registration documents for verification. However, it was revealed that though the company was undergoing significant transformation in terms of shareholding patterns during the POI, actual transformation has taken place only after October 2005. During the POI the Company continued to be a joint venture between Yunnan Province Jianshui County Chemical Industry Factory (YPJCCIF), China.P.R.; Groupstars Chemical

LLC, USA.; and Beijing Zhonghui Yuantong Investment Consultation Center, China P.R. The Authority notes that M/s Groupstars (Yunnan) LLC, China in its questionnaire response has indicated that there was still a significant state holding in their joint venture partner M/s YPJCCIF during the POI.

15. During the verification it was revealed that M/s Groupstars Chemical L.L.C., USA, a private incorporated company in the United States of America (USA), represented by its legal representative Mr. Eujene Ji, held 52% of the shares of Groupstars (Yunnan). However, the shares held by M/s Groupstars LLC USA have since been transferred to a Taiwanese investor Mr Guo Zhou Feng in November 2006.

16. M/s Beijing Zhonghui Yuantong Investment Consultation Center, a Joint Stock (Partnership) Company with four shareholders registered in China.P.R, represented by its legal representative, Mr. He Daofeng, originally held 8% of the shares of the JV. Shares held by this Investment Company have also been transferred to M/s Yunnan Chuan Economic & Trading Co. Ltd in November 2006.

17. Yunnan Province Jianshui County Chemical Industry Factory, which held 40% of the shares of Gropustars (Yunnan), was a state owned company registered in China.P.R, represented by its legal representative Mr. Zhang Guo Yi. However, due to significant loss since 1996 this company was declared bankrupt by the Jianshui County Peoples Court on 8<sup>th</sup> October 2005 and the assets of the company was ordered to be taken over by the Bankruptcy Clearance Group appointed by the Court. This business entity has since gone into liquidation and the share held by YPJCCIF has been taken over by M/s Yunnan-Fulsan Resource Development Co. Ltd as per the registration/approval of the share transfer issued by Hong-Ho Autonomous state Chamber of Commerce dated 3<sup>rd</sup> November 2006. The Authority notes that since these are the developments after the POI they are not much relevant for the current investigation. During the POI there was no change in the status of the company as determined in the review investigation and the exporter, in its response, has also indicated that the shares held by YPJCCIF were state controlled. Therefore, the Authority notes that during the POI the company continued to have significant state involvement and none of the conditions, based on which the determinations about the status of the exporters were made in the previous investigation, have changed.

18. It was however noted that during the POI Gropustar (Yunnan) started direct exports to India and other countries after obtaining the export license from the Ministry of Commerce. Sample copies of Groupstars Export approvals and export license for dual use items and technologies, pertaining to the period of investigation have been provided by the company.

19. In view of the foregoing the Authority holds that the producer-exporter in the current investigation, i.e., M/s Groupstars (Yunnan) Chemicals LLC, China continued to operate under non-market economy conditions and its costs and prices do not reflect the true market determined price of the commodity. Therefore, this exporter cannot be extended the benefits of market economy treatment under the above circumstances.

## **E.2 Determination of Normal Value, Export Price and Dumping Margin, PR China**

### **E.2.1 Normal Value: All exporters from China**

20. The Authority notes that the applicant's request for determination of normal value on the basis of their domestic sales transaction and grant of market economy status of the said purpose cannot be accepted in view of the reasons recorded in the previous section. No other exporter from China has made any submission. Since none of the responding exporters have met the requirements for grant of individual market economy status for the purpose of determination of normal value in terms of Paragraph 8 of Annexure-I of the Antidumping Rules, the Authority has determined the normal value for all Chinese exporters in terms of para 7 of the Annexure-I of the Antidumping rules, based on international price of raw materials in the country of exports and cost of utilities and other associated costs as determined by the Authority and a reasonable profit margin of \*\*\*\*\*% on the cost of production. Accordingly, constructed normal value for all exporters worked out as US\$ \*\*\*\*\* Per MT.

### **E.2.2 Export Price:**

#### **a) M/s Groupstars LLC China**

21. As per the questionnaire response filed by M/s Groupstars, this exporter has exported \*\*\*\*\* MT of the subject goods to India during the POI.

22. The domestic industry, in its post public hearing submissions has raised the issue of difference between the export price as indicated in the China Customs data and the import price as indicated in the DGCIS data. This issue has been examined in detail during the verification with reference to the VAT invoices and other documents filed by them with the Chinese customs Authorities at the time of export. The customs invoices filed by the exporters did show lesser value compared to the invoice price shown by the exporter in its commercial invoices and the appendix 2 of the questionnaire response. The exporter clarified that firstly, the export price declared by them to the China Customs (in the customs declaration and customs invoice) is the FOB price for the purpose of VAT and price shown in the commercial invoice is the CIF price. Secondly, the FOB price declared by the exporter to the customs for exports is based on the price shown in the export licence/permit issued by the Ministry of Commerce, which in turn is based on the original contracted price. It was clarified that the contracted price is the price at which the importer places a bulk long-term contract (usually for one year), whereas the actual transaction price is re-negotiated depending upon the actual market situation at the time of shipment/re-negotiation. Therefore, the actual realization is higher or lower depending upon the market situation. The VAT is paid on the FOB value declared on the customs invoice and reconciled periodically. It was noticed that during the POI the exporter has realized higher prices on almost all export shipments to various countries, including India, and the bank has certified actual realization. The bank certificates of realizations have been further certified by the foreign exchange

bureau of China PR regularizing the additional foreign exchange received against the export transactions. In view of the above, the actual realization as certified by the bank, based on the commercial invoices, has been treated as the export price to various countries, including India (as provided in the appendix 2).

23. The domestic industry, in its post disclosure submissions, has refuted the arguments of the exporter and has submitted that there is no legal and factual basis for the arguments that merely because actual transaction price was allegedly higher than the contracted price, the exporter would present only the contracted invoice information to the China Customs. It has also been submitted by the domestic industry that it is the onus of the exporter to back up its arguments with relevant Chinese laws. The domestic industry has further argued that in a situation like this the contracted price is more relevant than the invoiced price because it reflects the pricing behavior of the exporter, more so in a sunset review which evaluates the likelihood aspect. In the views of the domestic industry the contracted price represents the likely price scenario if the duties are withdrawn.

24. The Authority notes that the purpose of the antidumping law is to determine the price at which the goods have entered the importing country market, which is reflected by the transaction value in the commercial invoices and remittance documents. The transaction documents presented by the exporter in this case establishes the transaction price of the goods exported to the Indian market and the banks as well as concerned foreign exchange authorities have certified the actual transaction value. Therefore, the Authority does not find it necessary to get into other issues of violation of any domestic law of China by the exporter, if any, as raised by the domestic industry. As far as the issue of contracted price and invoice price for the purpose of dumping determination is concerned, the Authority notes that when there are actual transactions during the POI, the dumping margin is determined on the basis of actual exports made during that period and for the purpose of such determination the transaction price is relevant.

25. The exporter also produced a revised appendix 2 indicating the cost of inland and overseas transport and other direct selling expenses i.e. insurance and handling expenses, port charges etc. Direct selling expenses upto the port of loading worked out to US\$\*\*\*\*\*/- MT. The ocean freight, insurance and handling charges as verified from the actual invoices have also been considered to bring the export price to the ex-works level. The exporter has not paid any commission or rebates on these transactions. Since the export packing and domestic packing are same (in GI drums) and the cost of packing has been included in the cost of production, no separate adjustment for packing has been claimed.

26. The Authority also notes that the exporter paid VAT @ 17% on the FOB value of the invoice on all shipments made to India and refund has been claimed @ 5% on the FOB value after exports as per China PR's VAT refund regulation. Therefore, for the purpose of net export price determination, the export price is required to be adjusted net of all expenses and differential VAT payments (@12% of FOB value) to arrive at net-ex-works export price as follows:

Qty in	Invoice value	less	Less after	Less	Net	Net
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MT		Before FOB expenses	FOB expenses	Differential VAT paid	Value	price US\$/MT
*****	*****	*****	*****	*****	*****	*****

**b) Export Price others**

27. Export price for other exporters from China PR has been determined based on the DGCIS data as follows:

Qty in MT	Invoice value	Unit CIF Price US\$/MT	Less all Direct selling expenses as per cooperating exporters data US\$/MT	Net price US\$/MT
*****	*****	*****	*****	*****

**E.2.3 Dumping Margin:**

28. The constructed normal value has been compared with the net export price determined at the ex-factory level to determine the dumping margin. The dumping margin for the exporters from China works out as follows:

<b>Dumping Margin Calculations</b>				
	<b>Constructed Normal</b>	<b>Net Export</b>	<b>Dumping</b>	<b>Dumping</b>
	<b>Value</b>	<b>Price</b>	<b>Margin</b>	<b>Margin %</b>
M/s Groupstars	*****	*****	*****	49%
Others	*****	*****	*****	93%

29. The Dumping Margins so determined for all exporters from China has been found to be significant and above de-minimis.

**F. INJURY DETERMINATION**

**F.1 Continuation of Injury**

**F.1.1 Views of the interested parties**

30. The domestic industry argued that it continues to suffer material injury due to continued dumping from China even after imposition of the duties. It has been argued that though the volume of imports decreased after imposition of duty, the volume has remained significant. None of the other interested parties have offered any views with respect to injury caused to the domestic industry by dumped imports.

**F.1.2 Examination by the Authority**

31. The Authority has taken note of various arguments raised by domestic industry in their submissions and issue of continuation of injury to the domestic industry has been examined in the light of these arguments made before the Authority.

32. Article 3.1 of the ADA and Annexure II of the AD Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for the like products; and (b) the consequent impact of these imports on domestic producers of such products, with regard to the volume effect of the dumped imports. The authorities are required to examine whether there has been a significant increase in imports, either in absolute term or relative to production or consumption in the importing member. With regard to the price effect of the dumped imports, the authorities are required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree, or prevent price increase, which would have otherwise occurred to a significant degree.

33. For the purpose of injury analysis the Authority has examined the volume and price effects of dumped imports of the subject goods on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any.

34. Since positive dumping margin has been established for the exports from China, entire exports from those countries has been treated as dumped imports for the purpose of injury analysis and causal link examination.

**(A) VOLUME EFFECT: Volume Effect of dumped imports and Impact on domestic Industry**

35. The effects of the volume of dumped imports from the subject country as well as imports from other countries have been examined as follows:

**i) Import Volumes and share of subject countries:**

36. The domestic industry had raised the issue of correctness of import data as reported by DGCI&S in the light of significantly high prices reported in the DGCI&S statistics, as compared to the Chinese customs data. The issue has already been examined in the previous section. As far as the difference in quantity as reported in China customs data and DGCIS data is concerned the Authority notes that while the China customs data is based on the dates of exports, the DGCIS data is based on dates of imports and accordingly, quantity in these two data sets differ depending upon the shipment and clearance dates. Therefore, the Authority proceeds with the data as reported by DGCIS for the purpose of injury examination.

<b>Quantity in MT</b>				
<b>Country</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004--05</b>	<b>POI October 04-Sept 05)</b>

China	166.50	384.00	304.90	176.90
Trend	100	231	183	106
Others	146.32	63.00	20.00	30.85
Trend	100	43	14	21
Total	312.82	447.00	324.90	207.75
Trend	100	143	104	66

37. The data shows that even after imposition of antidumping duty, export of the subject goods from China has been significant, both in absolute term of volume and in relation to total imports to India.

**ii) Demand, Output and Market shares**

**a) Production of the Domestic Industry**

Particulars	Quantity in MT			
	2002-03	2003-04	2004-05	Oct 04 – Sep 05 (POI)
Capacity	2400	2400	3600	3600
Output - Qty	2356	2249	2407	2235
Trend	100	95	102	95
Capacity Utilization	98%	94%	67%	62%

38. The production data of the domestic industry reveals that the domestic industry has enhanced its capacity in view of rising demand and in anticipation that the imposition of anti-dumping duty on dumped imports would enable the domestic industry to increase its production and sales volumes. However, the production remains more or less at the same level. Therefore, the capacity utilization has declined compared to the base year. The Authority also notes that the company suffered production loss of about a month due to floods in Maharashtra in July 2005. As a result of which the production during the POI has been marginally less compared to the previous period.

**b) Sales of Domestic Industry**

Particulars	Quantity in MT			
	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Sales (Domestic)	*****	*****	*****	*****
<i>Trend</i>	100	107	113	113
Sales – (Exports)	*****	*****	*****	*****
<i>Trend</i>	100	97	95	94
Sales - Total	*****	*****	*****	*****
<i>Trend</i>	100	103	105	97

39. The data above shows that the sales volume of the domestic industry, in the domestic market has increased by about 13% compared to the base year though it has remained more or less same compared to the previous year. The Authority also notes that the sale of the domestic industry was marginally affected for about a month because of the floods in the state during July 2005.

c) Demand and Market Share

Quantity in MT

Demand	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Sales (Domestic)	*****	*****	*****	*****
Trend	100	107	113	113
Sale others	0	0	0	*****
Imports	312.82	447.00	324.90	207.75
Demand	*****	*****	*****	*****
Trend	100	114	111	122
<b>Shares</b>				
DI	100	94	102	92
other producers	-	-	-	-
Dumped imports	100	202	165	87
other imports	100	38	12	17

40. Total domestic demand of the product under consideration has increased by about 22% during the POI. The sales of the other new producers have been estimated to be around 300 MT based on a monthly production of 50MT for three months during the POI as per the information provided by the domestic industry and M/s Eshaditi Chemicals in its preliminary application. The share of applicant domestic industry, in the total demand, has declined whereas the share of China has remained significant throughout the investigation period.

**(B) Price Effect of the Dumped imports on the Domestic Industry**

41. The impact on the prices of the domestic industry on account of the dumped imports from China has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any.

42. For the purpose of this analysis the weighted average cost of production, weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the Domestic industry, worked out based on the verified costing information of the Domestic Industry, have been compared with the landed cost of imports from the subject country.

**(i) Price undercutting and underselling effects**

Particulars		2002-03	2003-04	2004-05	Oct 04 – Sep 05
Cost of Sales	Rs./MT	*****	*****	*****	*****
<i>Trend</i>	<i>Indexed</i>	100	89	97	99.6
Selling Price	Rs./MT	*****	*****	*****	*****
<i>Trend</i>	<i>Indexed</i>	100	99	107	114
Landed Value China (without antidumping duty)	Rs./MT	*****	*****	*****	*****

Price undercutting	Rs./MT	(*****)	*****	*****	*****
% Price undercutting	%	(*****)%	*****%	*****%	0-10%
Non Injurious Price	Rs./MT				*****
Price underselling	Rs./MT				*****
Price underselling %	%				5-15%

43. The above data shows that the landed value of imports as well as the selling price (net sales realization) of the domestic industry has increased significantly during the POI. However, the cost of sales of the subject goods has also gone up significantly, both for the domestic industry as well as the exporters from China after significant decline in 2003-04. The landed value of imports from China without antidumping duty is still significantly below the cost of sales and selling price of the domestic industry.

44. Price undercutting has been determined by comparing the weighted average landed value of dumped imports from China over the entire period of investigation with the weighted average net sales realization of the domestic industry for the same period. For this purpose landed value of imports has been calculated by adding 1% handling charge and applicable basic customs duty to the CIF value as reported in DGCIS data.

45. In determining the net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise duty paid have been rebated.

46. For the purpose of price underselling determination the weighted average landed price of imports from China has been compared with the Non-injurious selling price of the domestic industry determined for the POI and cost of production for the remaining years.

47. The price undercutting and price underselling (without considering the antidumping duty in force) has been found to be substantial. However, the landed value, inclusive of the antidumping duty, is above the domestic selling price and the non-injurious price determined for the domestic industry.

**(ii) Price suppression and depression effects of the dumped imports:**

48. The price suppression effect of the dumped imports has also been examined with reference to the cost of production, net sales realization and the landed values from the subject country.

49. The cost of production and selling price of the subject goods declined in 2003-04 and increased thereafter mainly due to change in the raw material price structure. The selling price increased in the subsequent period as a result of the enhancement of anti-dumping duty in force. However, the selling price during the POI has not been sufficient to cover the full cost of production. Therefore, dumped imports without antidumping duty seem to have suppressing effect on the prices of the domestic industry.

### (C) Examination of other Injury Parameters

50. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and major injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other economic parameters, which could indicate existence of injury to the domestic industry, have been examined as follows:

#### i) Productivity

Particulars	Unit	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Productivity	Per employee	*****	*****	*****	*****
<i>Trend</i>	<i>Indexed</i>	100	112	131	118

51. Productivity of the domestic industry has been measured in terms of its labor productivity of the output and it has been noticed that the productivity has improved because of marginal reduction in the workforce. The industry has attempted an improvement in productivity to cut cost and remain competitive.

#### ii) Profits and actual and potential effects on the cash flow

52. Though total revenue of the domestic industry from its domestic operations has improved due to increase in domestic sales, the industry continues to suffer loss during the investigation period. The industry has not been able to realize a fair price to recover its cost due to prevailing price level of dumped imports. However, the loss per unit of production has declined.

Particulars	Unit	2002-03	2003-04	2004-05	Oct 04 – Sep 05
<b>Profits</b>					
Cost of Sales	Rs./MT	*****	*****	*****	*****
<i>Trend</i>		100.00	88.82	96.79	99.59
Selling Price	Rs./MT	*****	*****	*****	*****
<i>Trend</i>		100.00	99.10	106.82	114.48
Profit/Loss	Rs./MT	(*****)	(*****)	(*****)	(*****)
<i>Trend</i>		-100.00	-24.24	-33.79	-6.10
Total Profit/Loss on Domestic Sales	Rs. Lacs	(*****)	(*****)	(*****)	(*****)
<i>Trend</i>		-100.00	-26.05	-38.17	-6.88

#### iii) Employment and wages

53. The employment condition of the domestic industry shows that the employment level and wages have declined even though there is a capacity increase.

Particulars	Unit	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Employment					
No. of Employee	Nos.	*****	*****	*****	*****
<i>Trend</i>	<i>Indexed</i>	100	85	78	81
Wages					
Direct Labor	Rs. Lacs	*****	*****	*****	*****
<i>Trend</i>	<i>Indexed</i>	100	89	99	93

**iv) Return on investment and ability to raise capital**

Particulars	Unit	2002-03	2003-04	2004-05	POI
Return on Investments					
Gross Block	Rs. Lacs	*****	*****	*****	*****
<i>Trend</i>		100	109	116	236
Working Capital	Rs. Lacs	*****	*****	*****	*****
<i>Trend</i>		100	68	101	85
Capital Employed (total)	Rs. Lacs	*****	*****	*****	*****
<i>Trend</i>		100	98	112	193
Capital Employed Domestic	Rs. Lacs	*****	*****	*****	*****
<i>Trend</i>		100	102	120	225
Profit / Loss before interest on Domestic Sales	Rs. Lacs	(*****)	(*****)	(*****)	*****
<i>Trend</i>		-100	-16	-33	0.3
Return on Capital Employed (NFA)	%	(*****)	(*****)	(*****)	*****
<i>Trend</i>	<i>Indexed</i>	-100	-17	-29	0.1

54. The Authority notes that the return on capital employed by the domestic industry has improved after imposition of the antidumping duty though it has remained negative throughout the investigation period except for the period under investigation. In the POI, the return on investment is only marginally positive. However, the Authority notes that the company has added additional capacity in the previous year with additional investment though the output and revenue from this investment has not yet accrued. Therefore, the return on investment may not provide a clear indication of the condition of the domestic industry.

**v) Cash flow**

Particulars	Unit	2002-03	2003-04	2004-05	Oct 04 – Sep 05 (POI)
Cash Profit (Domestic)					
Profit Before Tax	Rs. Lacs	(*****)	(*****)	(*****)	(*****)
Trend		-100	-26	-38	-6.9
Depreciation	Rs. Lacs	*****	*****	*****	*****
Trend		100	100	113	165
Cash Profit (Domestic)	Rs. Lacs	(*****)	(*****)	(*****)	*****
Trend		-100	-10	-22	28.1

55. Examination of cash flow position of the domestic industry indicates that the condition of the domestic industry has improved after imposition of the antidumping duty.

**vi) Investment**

56. There has been capacity addition in 2004-05 in anticipation of increased sales volumes as a result of enhancement of anti-dumping duty on dumped imports.

**vii) Magnitude of Dumping**

57. Magnitude of dumping as an indicator of the extent to which the dumped imports can injure the domestic industry shows that the dumping margin determined against the subject country, for the POI, is substantial, even when the antidumping duty is in force.

**viii) Factors affecting prices**

58. Change in cost structure if any, competition in the domestic industry and prices of competing substitutes have been examined for analyzing the factors other than dumped imports that might be affecting the prices in the domestic market. There is no viable substitute to this product. M/s Universal Chemicals is the major producer of the subject good in India. In addition to the petitioner, two more companies, M/s. Eshaditi Chem. Pvt. Ltd and M/s. Libox Chem (I) Pvt. Ltd. have commenced production of Potassium Permanganate since July 2005. These producers have commenced production very recently and the volume of production by these producers was only 12% of the total production. Therefore, domestic competition does not seem to have affected the prices significantly. In view of the above the dumped import prices appear to have affected the prices of the domestic industry.

**ix) Inventories**

Particulars	Unit	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Average Inventories	MT	*****	*****	*****	*****
Inventories as % of	%	6.75	5.65	2.45	1.97

production					
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>84</i>	<i>36</i>	<i>29</i>

59. The data indicates that domestic industry has been able to liquidate inventories after the imposition of Anti Dumping Duty.

## **F.2 Other Known factors and Causal Link**

60. Having examined the volume and price effects of dumped imports and other economic parameters that may indicate injury if any suffered by the domestic industry on account of the dumped imports from the subject country, the Authority has also examined to find other known factors, if any, that might be injuring the domestic industry at the same time so that injury caused by such factors are not attributed to the dumped imports. In this connection the Authority notes that the interested parties have not brought any other evidence factor that might have affected the domestic industry during the POI. However, in this connection the following non-attribution factors listed in para v of Annexure II to the Rules have been examined.

### **i) Volume and prices of imports from other sources**

61. As per the DGCI&S data, during the POI, other than China, imports have taken place from USA only. Quoting other data sources the domestic industry has claimed that few consignments of the subject goods of Chinese origin have been transhipped through Malaysia. However, the Authority notes that the imports from all other sources taken together constitute about 15% of total imports and the price of imports from such sources are significantly higher compared to the import price from China. Therefore, these imports do not appear to have significant effect on the domestic industry, both in terms of volume and value.

### **ii) Contraction in demand and / or change in pattern of consumption**

62. Total domestic demand of the product under consideration increased throughout the investigation period. The share of domestic industry, in the demand, has significantly declined, whereas the share of China increased in 2003-04 and declined thereafter, but remained significant during 2004-05 and the POI. There is no significant change in consumption pattern of the product in the domestic market, which can be attributed to the injury to the domestic industry.

### **ii) Trade restrictive practices of and competition between the foreign and domestic producers**

63. The subject goods are freely importable and there are no trade restrictive practices in the domestic market. M/s Universal Chemicals is the major producer of the subject goods in the country. The other two producers have entered the domestic market only towards the last quarter of the POI with a very small market share. Major portion of the imports of the subject goods takes place from China. Other exporting countries do not have substantial market share in Indian market to effectively compete with these two market players. Therefore, the current injury to

the domestic industry cannot be attributed to trade restrictive practices or competition between foreign and domestic producers.

**iii) Development of technology and export performance**

64. Production of Potassium Permanganate is not a highly technology intensive process. The production facility of the foreign producer in China was also verified and it was seen that the producers apply similar production technology and rather old plant and machinery. Therefore, development of technology or inefficient method of production of the domestic industry cannot be treated as a cause of injury to the domestic industry.

Particulars	Quantity in MT			
	2002-03	2003-04	2004-05	Oct 04 – Sep 05
Sales – (Exports)	*****	*****	*****	*****
<i>Trend</i>	100	97	95	94

65. The export performance of the domestic industry was found to be better than its domestic performance. They have been able to realize higher price in the export market and their export volume has remained steady during these years except for the POI where there was a drop in export volume due to flood in Maharashtra during July 2005. Therefore, export performance cannot be attributed as a reason of injury suffered by the domestic industry.

**iv) Productivity of the Domestic Industry**

66. Productivity of the domestic industry in terms of labor output and daily output has shown substantial improvement. Therefore, productivity is not a factor, which can be attributed to the injury of the domestic industry. In fact domestic industry has tried to reduce its losses in its domestic operation through improvement in productivity.

**F.3 Conclusion on current injury and causal links**

67. The above analysis of injury parameters and examination of non-attribution factors indicate that though there is improvement in several parameters, the domestic industry continues to suffer material injury in terms of low profitability and return on investment, poor cash flow position and price suppression and depression due to the dumped imports from the subject country. The injury has been caused by the volume and price effects of dumped imports from the subject country.

**F.4 Determination of Non-injurious Price of the Domestic Industry**

68. Non-injurious Price of the subject goods in India has been worked out by the Authority after a detailed analysis and scrutiny of the cost of production and other information provided by the domestic industry. As recorded earlier the cost of production and other information of the other known producers of the subject goods were not found to be relevant for this investigation as these producers are stated to

have commenced commercial production only towards the end of the POI of this investigation. Accordingly, weighted average Non-injurious price of the subject goods for the domestic industry has been determined by the Authority as Rs. \*\*\*\*\*/- per MT.

#### **F.5 Magnitude of Injury and injury margin**

69. The non-injurious price determined by the Authority has been compared with the landed value of the exports as per the verified data of the cooperating exporter and data compiled from DGCIS database for determination of injury margin. The weighted average landed price of the exports from the subject countries and the injury margins have been worked out as follows:

<b>Injury Margins</b>	<b>NIP</b>	<b>M/s Groupstars</b>	<b>Others</b>
	<b>Rs/MT</b>	<b>US\$/MT</b>	<b>US\$/MT</b>
NIP	*****	*****	*****
Landed Value	*****	*****	*****
Injury Margin	*****	*****	*****
Injury Margin % of Landed Value		0-10%	25-35%

#### **G LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY**

70. Section 9A (5) of the Act requires the Designated Authority, in an expiry review, to examine whether cessation of the duty would lead to continuation or recurrence of dumping and injury.

##### **G.1 Views of interested parties**

71. The domestic industry, has argued that the current state of the domestic industry is not the material fact for a review of this nature. They plead that in a review the Authority is required to examine the likelihood of continuation or recurrence of dumping and injury to arrive at a decision to continue or vary or remove the duty so as to offset dumping. The domestic industry, in its submission, has quoted the law and practices and standards of reviews in several countries to highlight the fact that determination of likelihood of 'continuation or recurrence of dumping and injury' is vital in a review investigation. They have *inter alia* submitted:

1. That the Chinese producers in general and the responding exporter in particular, are still dumping material in the Indian market;
2. That Domestic industry is suffering continued injury due to dumped imports from subject country, in spite of improvement in its performance and conditions; and should the Anti Dumping Duty be revoked, the injury to the domestic industry would recur or intensify;

3. That export price and landed price of imports from China has increased over the years. However, the prices are still undercutting the prices of domestic industry;
4. That large scale imports are being made taking undue advantage of duty free import exemptions granted by the Govt. of India;
5. That there is increase in the cost of production. However, the Chinese exporters have not raised their export price to India commensurate with the cost of production.
6. That though there is increase in selling price of the domestic industry, the price at which domestic industry is selling material is not a remunerative price.
7. That in a situation where the domestic industry matches the prices of the imported product fearing total loss of domestic sales, it is evident that the selling price of the domestic industry would become equal to the present landed price of imports. This would lead to higher financial losses and significant deterioration in return on capital employed and cash profits.
8. That the Chinese producers are holding significant surplus capacities and the demand in China is significantly below the capacities created by them. It has been argued that China's production of over 20,000 Tonnes per year of the subject goods is far in excess of its domestic consumption and therefore, they have to be necessarily exported. Therefore, there is a great possibility that revocation of duty would lead to surge in imports and severe injury to the domestic industry.

72. The cooperating exporter from China, in its post public hearing submissions, has argued *inter alia* that

- That the issues raised by Universal Chemicals and Industries Pvt. Ltd. are grossly insufficient to warrant continuation of anti-dumping duty on Potassium Permanganate exported from China.
- That the Domestic Industry for Potassium Permanganate is flourishing and two new manufacturers starting production in the past few years. The applicant has also increased its production capacities.
- That the consumers of Potassium Permanganate in India are facing procurement problems and have been forced to use alternate raw materials for a long time in event of high anti-dumping duty on imported Potassium Permanganate. The actual Indian market for Potassium Permanganate is much larger as it has accommodated 2 new manufacturers of the subject

product. The applicant with its limited capacity has not been able to meet the demand.

- That China's Potassium Permanganate production capacity does not pose any threat to Indian Domestic Industry. Only 4 countries are known to produce Potassium Permanganate in the world including USA, Czech, India and China. Many manufacturers of Potassium Permanganate worldwide have shut down their production because of strained raw material supply (For eg.: Germany, Spain, Ukraine etc.). The reason for few manufacturers/-manufacturing countries worldwide is limited raw material resources in the respective countries with limited supply. This is the main reason for all current Potassium Permanganate manufacturing countries having capacities higher than their respective domestic market. All manufacturers of Potassium Permanganate are exporters of the same from their respective countries. China exports to more than 50 countries worldwide including India.
- That Anti-dumping duty on Chinese Potassium Permanganate in India has been in effect for almost 12 years. The average exports of Potassium Permanganate from China to India over the past 12 years have consistently been below 250 MTs per annum irrespective of the quantum of anti-dumping duty in force. The importers of Potassium Permanganate in India are done by the importers belonging to the duty free/exemption category or export-oriented units. This means that the anti-dumping duty that existed in India prevented the imports completely and gave the only Indian manufacturer monopoly. With the anti-dumping duty in force for more than a decade, normal Indian consumers were always unexposed to imported Potassium Permanganate. Considering the Chinese production capacity of Potassium Permanganate is 75000 MTs per annum, the exports to India (Below 250 MTs per annum) account for a miniscule percent. Since China has not dumped Potassium Permanganate to India for more than a decade, the case presents itself for removal of anti-dumping duty in force because it is no longer necessary or warranted.
- That the export prices from China to India have moved as per the global price fluctuations and are entirely market condition based. The DGCI&S, IBIS and China Customs' records as submitted by the applicant show that the exports prices of Potassium Permanganate from China to India have risen over the past couple of years. The applicant has acknowledged that the import price of Potassium Permanganate from China to India has gone up by about 100% (From Rs. 41/Per Kg to Rs. 81/- per Kg).
- That the difference in declared exports prices in China and declared import prices in India is because of price fluctuations based on market conditions. The applicant has pointed out that the export price declared by China customs is lower than the import price declared by India customs. It has been proved to the verification team of the designated authority during the verification visit that the export is purely based on market situation and is subject to price fluctuations. Potassium Permanganate being a narcotic listed product, the exporting company from China needs to apply for export

permission from the Narcotics Control Bureau. The exporting company negotiates a price and signs a sales contract with the buyer. The price is subject to prevailing market prices at the time of effecting export/ dispatch. The exporting company then applies for export permission from the Narcotics Control Bureau, Beijing. It takes 3-4 months from the date of application to get the requisite export permit. The said exports permit includes the sales price as per the sales contract at the time of application and the same needs to be submitted to the China customs, to effect dispatch. However, the export is indeed affected on prevailing market prices at the time of dispatch. In the said case, the sales contract was signed much earlier based on which the export permit was obtained and dispatch affected later based on prevailing market price conditions. Therefore, the actual exports price was higher than the price originally negotiated while signing sales contract and as per the export permit. The sale is finally done on the prevailing market prices at the time of dispatch and payment collected accordingly. The records of Chinese Customs therefore show the price as per the export permit and the records as per Indian Customs show the actual price at which the sale was concluded. The case also highlights the point that the exporting company has done business with India on market principles and market conditions and presents a strong case for itself.

- That Past results of Anti-Dumping investigations related to Groupstars in India and USA cannot be the criteria for determining the present case. The applicant has pointed out that in the past investigations, Groupstars was found to be inconsistent in its submissions and was unable to protect itself from Anti-Dumping allegations. Groupstars has its factory and office set-up in the interiors of China and maintained records in Chinese language. English language has been difficult to adapt by the company officials. The poor presentation of ADD cases in the past because of language barriers has caused Groupstars to suffer enough already. The ongoing Anti-Dumping case is the third occasion, wherein Groupstars has co-operated with the Indian investigations and therefore deserves an opportunity to enable prove its bona-fide to do business with India.
- That the European Union revoked the Anti-Dumping Duty applicable on Chinese Potassium Permanganate on 16<sup>th</sup> Feb 2006' despite there being one active producer of Potassium Permanganate in Czech Republic.
- That Many Indian companies see potential for Potassium Permanganate industry in India. Manganese Ore India Limited (A government of India undertaking) released an advertisement in a leading newspaper in India seeking technology transfer for setting up a 5000 MTs per annum Potassium Permanganate plant in India. Other companies interested in setting up Potassium Permanganate factory in India include Borax Morarji Limited, Mumbai, Phulchand Exports Limited, Mumbai, etc. This shows that the market potential in India is much better but curbed due to anti-dumping duty in place. The present situation highlights the need to discontinue the anti-dumping duty, as it is grossly unwarranted and totally unnecessary at this point of time.

## **G.2 Examination by the Authority**

73 The Authority notes that continuation of dumping of the subject goods from China PR has already been established in the previous sections. Analysis in the previous section also shows that in spite of the antidumping duty in force, and the domestic industry continues to suffer material injury due to such dumped imports. However, the arguments of the domestic industry and the interested parties have been examined for test of likelihood of continuation of dumping and injury in the event of withdrawal or variation in the duty.

74 The domestic industry has submitted a copy of the second review report of US ITC, June 2005, which provides the details of the capacities and production of potassium permanganate in China and rest of the world. The data indicates that China commands more than 50% of total world capacity and production of the subject goods. The exporter in its submission has indicated that China has a capacity of about 75000 MT per Annum and it has also been contended by the exporter that the capacity world over is in excess of the domestic capacities in the producing countries. The very fact that there are only 4 countries manufacturing this product whereas this product has a wide application proves this point. It has also been brought to the notice of the Authority that Chinese exports are already attracting antidumping duty in the USA for past several years though the antidumping duty imposed by the EU has since been withdrawn because of closure of major production units in the European Union. However, the major market of Chinese producers, i.e., USA, is affected because of the antidumping duty in force and it is clear from the submissions of the parties that China has a significant disposable capacity. Therefore, it is most likely that the Chinese exporters would be looking for alternative markets given the fact that there is a significant disposable capacity in China and growth in demand in India.

75. The exporter has raised the issue of change in price structure of the subject goods globally. However, the POI data indicates a sudden rise in prices towards the second half of the POI. It is not clear whether the price trend is temporary and no concrete evidence has been placed to argue that the price trend would continue. The Authority notes that in spite of upward movement of prices a significant dumping margin has been established for the subject goods exported from China.

76. As regards the demand in Indian market and interests of the consumer, except the assertions made by the exporter about the demand and likelihood of entry of major players into this sector for manufacturing of the subject goods in India, no concrete evidence has been placed by the parties. The demand analysis done earlier based on the data available with the authority indicates a moderate increase in demand over the base year and when compared with the total domestic capacity the demand is less than the capacity available domestically. Therefore, this argument does not seem to hold.

77. Considering the above arguments of both the parties; the extent of dumping margin established in the previous section; and the volume of current imports, as well as the volume of exports of Chinese exporters to other countries, the Authority

is of the view that there is a reasonable possibility of exports continuing at dumped prices if the duties are withdrawn.

78. As far as continuation or recurrence of injury to the domestic industry is concerned, the price levels at which the goods are exported to the Indian market from the subject country, in spite of the duty in force, have been examined. It was noticed that the cost and prices of the subject goods have undergone significant change in the intervening period. The exporter has argued in its written submissions that during the POI major part of the imports were through the duty free/exemption routes and therefore, did not affect the domestic market. However, the price level at which these goods have been exported indicates that there is a significant price undercutting and underselling by the Chinese exporters while the landed value of current imports, without antidumping duty, is compared with the net sales realization and non-injurious price of the domestic industry. There is no indication or valid argument that the price structure of imports from the subject country will change once the duty is revoked. On the contrary, looking at the spare capacity and demand supply position in China, as argued by the domestic industry, there is every likelihood that the price level may further depress causing further injury to the domestic industry, if the duty is revoked.

## **H. Conclusions**

79. After examining the issues raised and submissions made by the interested parties and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current dumping and injury and likelihood of continuation or recurrence of dumping and injury the authority concludes that:

- i) The subject goods have entered from the Republic of China at less than its normal value and the dumping margins of the subject goods imported from China are substantial and above de minimis;
- ii) There is also a likelihood of dumping to continue from China, if the duties are revoked;
- iii) The domestic industry continues to suffer marginal material injury at present and the cause of the current injury is overwhelmingly due to the volume as well as price effect of the dumped imports from the Republic of China;
- iv) Injury to domestic industry is likely to continue, if the duties are revoked
- v) Therefore, continued imposition of the antidumping duty is warranted against subject goods originating in or exported from China, to offset dumping.

## **I. Indian industry's interest & other issues**

80. The purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

#### **J. Recommendations**

81. In view of positive determination of continuation of dumping, injury and causal links as well as likelihood of dumping and injury on account of imports from Peoples Republic of China, the Authority is of the opinion that continuation of the measure is required against imports from the subject country. However, considering the current level of dumping from that country and injury suffered by the domestic industry, the Authority is of the opinion that the measure in force needs to be revised. Therefore, Authority considers it necessary and recommends continued imposition of the anti-dumping duty on imports of subject goods from Peoples Republic of China, in terms of Section 9A(5) of the Act, in the form and manner described hereunder.

82. Having regard to the lesser duty rule followed by the authority, the Authority recommends continued imposition of definitive anti-dumping duty equal to the margin of injury, which is lesser than the margin of dumping in this case, so as to offset dumping and remove the injury to the domestic industry. The Authority notes that the duty in the original investigation was imposed on fixed duty basis. Therefore, the Authority considers it appropriate to impose the antidumping duty on fixed duty basis and accordingly, recommends imposition of definitive antidumping duty as indicated in Col 9 of the table below, to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from China.

#### **K. Further Procedures**

83. Any appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

84. The Authority may review the need for continuation, modification or termination of the definitive measure as recommended herein from time to time as per the relevant provisions of the Act and public notices issued in this respect from time to time. No request for such a review shall be entertained by the Authority unless the same is filed by an interested party within the time limit stipulated for this purpose.

### **Duty Table**

Sl. No	Sub Heading or Tariff Item	Description of Goods	Specification	Country of origin	Country of Export	Producer	Exporter	Duty Amount	Unit of Measure	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
1.	2841.61	Potassium Permanganate KmnO4	All Grades	China	Any	M/s Groupstar (Yunnan), Chemicals LLC, China PR	M/s Groupstar (Yunnan), Chemicals LLC, China PR	123.51	MT	US\$
2.	-D0-	-D0-	-D0-	China	Any	Any (other than above)	Any	513	MT	US\$
3.	-Do-	-Do-	-D0-	Any	China	Any (other than above)	Any	513	MT	US\$

**Christy L. Fernandez  
Designated Authority**