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Government of India  
Department of Commerce  
Ministry of Commerce & Industry  
(Directorate General of Anti-Dumping & Allied Duties)  
Udyog Bhawan, New Delhi  
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Dated the 13 November , 2009

### **Preliminary Findings**

**Subject: Preliminary findings of Anti-dumping investigations on imports of Digital Versatile Discs- Recordable (DVD-R and DVD-RW) from Malaysia, Thailand and Vietnam**

**No.14/16/2009-DGAD:** - Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the 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) thereof:

2. WHEREAS Optical Disc Manufacturers Welfare Association (ODMWA), New Delhi (herein after referred to as the Applicant) has filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred as Rules), alleging dumping of Digital Versatile Discs Recordable (DVD-R and DVD-RW) (hereinafter referred to as subject goods), originating in or exported from the Malaysia, Thailand and Vietnam (herein after referred to as subject countries) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods. The embassies of subject countries were notified about the receipt of fully documented application as per Rule-5(5).

3. And Whereas, the Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, issued a public notice dated 5th May, 2009 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods originating in or exported from the subject countries in accordance with sub-Rule 6(1) of the 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.

## **A. General**

4. Procedure described below has been followed with regard to this investigation after issuance of the public notice notifying the initiation of the above investigations by the Authority:-

- a) The Designated Authority sent copies of initiation notification dated 05.05.09 to the Embassies of the subject countries in India, known exporters from the subject countries, importers and the domestic industry as per the addresses available, and requested them to make their views known in writing within 40 days of the initiation notification.
- b) The Authority provided copies of the non-confidential version of the application to the known exporters and to the Embassies of subject countries in accordance with Rule 6(3) supra.
- c) The Embassies of the subject countries in New Delhi, were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter and questionnaire sent to the exporters were also sent to Embassies of subject countries along with the names and addresses of the exporters.
- d) The Authority sent questionnaires, to elicit relevant information to the known exporters in subject countries in accordance with Rule 6(4). The Authority also sent questionnaire concerning Market Economy Treatment to exporters of Vietnam.
- e) Request was made to the DGCI&S to arrange details of imports of subject goods for the past three years and the period of investigation however, data has not been received .Data received from IMPEX Statistics have been relied upon in this findings;
- f) 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;
- g) Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) was worked out provisionally so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- h) The period of investigation (POI) for the purpose of present investigation is 1st April 2008 to March 2009 (12 months). The injury analysis however

covers the periods April,2005-March,06, April,2006–March,2007, April,2007-March,2008 and the POI.

- i) In response to the above said notification one exporter M/S- Ritek Vietnam Co. Ltd from Vietnam has submitted the information. Other exporters from subject countries have not filed their responses to questionnaire have been treated as non co-operative.
- j) \*\*\* in this finding represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules.

## **B. Product under Consideration**

5. The product under consideration is “Recordable Digital Versatile Disc [DVD] of all kinds” which is being dumped in the Indian market by the exporters from Malaysia, Thailand and Vietnam. DVD can be of a number of types, such as DVD-R, DVD+R, DVD-RW, DVD+RW, mini DVD-R, mini DVD-RW. A DVD can be recorded once or several times.

6. DVD-R and DVD+R discs can be either single or double-sided. A single-sided (SS) disc is composed of a recording side and a dummy side while a double-sided (DS) disc consists of two recording sides. The recording side of a DVD-R and DVD+R disc is a sandwich of a number of layers.

- Mastering : A process of forming a master for optical disks, generally referred to as "mastering", is where a nickel or the like metallic master, i.e., "stamper", is formed at its final step. A large number of optical disks are duplicated with use of the stamper as a mold in a succeeding molding process.
- Moulding: First comes a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.
- Dye Coater: In this section an organic dye recording layer (AZO) is applied on blank substrate . This layer acts as recording layer. Dye is applied using spin coating and the metal layers by means of DC sputtering.
- Sputter (Metallizing): A metal reflective layer is applied on disc (silver).
- Bonding: An adhesive then bonds two recording sides (for a double-sided) or a recording and dummy side (for a single-sided) together into the final disc. Some single-sided discs are also topped on the dummy side with decorations or additional layers that provide surfaces suitable for labeling by inkjet, thermal transfer or re-transfer printers. Bonding is done by using a hot melt, UV cationic or free radical process
- Printing: Then required printing design is applied by screen printing method.
- Construction of DVD-RW and DVD+RW: To allow information to not only be written but also re-written many times over, DVD-RW, DVD+RW) disc construction is

more complex than that of DVD-R and DVD+R (recordable). Just like a recordable disc, a rewritable disc can be either single or double-sided. The recording side of a rewritable disc also uses multiple layers beginning with a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.

7. Next comes a dielectric layer (zinc sulfide and silicon dioxide), followed by a phase-change alloy recording layer (either indium, silver, tellurium and antimony or germanium, tellurium and antimony), another dielectric layer and a metal reflective layer (silver, silver alloy, aluminum). Additional layers may also be incorporated above or below the dielectric layers (germanium nitride, silicon carbide, silicon dioxide, silicon nitride, zinc sulfide, antimony telluride and others).

8. The dummy side consists of a flat polycarbonate plastic substrate sometimes with an additional metal layer. An adhesive then bonds the sides together into a single disc.

9. The product is classified under ITC (HS) and Customs Classification No.8523. The product is import of the subject products is being made under Chapter 8523 of the Customs Classification with the following subheading:

85232920,85232950,85232970,85234040,85234050,85234060;85234080,8523409,85238090,85235290,85238050,85239010,85239040,85239050 and 85239090.

However the above classification is indicative only and is no way binding on the investigation.

### **C. Like Article**

10. The applicant has claimed that the goods produced by them are “like articles” to the goods originating in or exported from the subject countries. Recordable Digital Versatile Disc [DVD] produced by the domestic industry and imports from subject countries are comparable, technically and commercially substitutable in terms of physical, technical characteristics, functions and uses. Therefore, for the purpose of investigation the Recordable Digital Versatile Disc [DVD] produced by the applicant is being treated as like articles of Recordable Digital Versatile Disc [DVD] imported from subject countries within the meaning of the Anti Dumping Rules.

### **D. Standing of the Domestic Industry and Initiation of the Investigation**

11. Application has been filed by M/s Optical Disc Manufacturers Welfare Association, New Delhi through TPM Consultants, New Delhi on behalf of the domestic industry. As per the information available M/s Mosebaer India Lrd is the only producer of the like article during the POI. Therefore applicant has the

desired standing to file the case for anti dumping investigation on behalf of domestic industry under Rule 5(3)(a) of Rules and constitutes domestic industry as per Rule 2(b)

### **Confidentiality**

12. The confidentiality claims of domestic industry in respect of the data submitted by them have been examined. The data concerning costing, customers prices have been treated as confidential. The data of the exporter, Ritek Vietnam Co. Ltd. submitted as confidential has been treated as confidential in the preliminary findings, however, the claim of confidentiality will be examined in detail after receipt of comments from interested parties.

### **E. Methodology for calculation of dumping margin**

#### **Market Economy Treatment for Exporters from Vietnam**

13. At the stage of initiation, the Authority proceeded with the presumption by treating Vietnam as a non-market economy country as per para 8(2) of Annexure 1 of the Rules, for purposes of an anti dumping investigation. Upon initiation, the Authority advised the producers/Exporters in the country to respond to the notice of initiation and provide information relevant to determination of their market economy status.

14. The Authority sent copies of the MET questionnaire to all the known exporters for rebutting presumption of non market economy in accordance with criteria laid down in para 8(3) of Annexure-I to the Rules. The Authority also requested Government of Vietnam to advise producers/exporters in their country to provide information.

15. The Authority notes that the applicant has proposed that Vietnam be treated non market economy, and also notes that for determining normal value the applicant has considered normal value determined for Malaysia as the normal value in Vietnam.

16. The Authority further notes that M/S- Ritek Vietnam Co. Ltd from Vietnam submitted information on prescribed format to rebut the presumption of non market economy. The information is under examination and the status of Market economy treatment would be decided after verification of the information. For the purpose of preliminary findings the normal value has been determined on the basis of data submitted by the exporter.

## Normal Value

### Normal Value for M/S- Ritek Vietnam Co. Ltd

17. From the data submitted by the exporter it is noted that there was no domestic sales of the subject goods during the POI . To determine the normal value the Authority has therefore relied on the cost of production of the exporter as per Section 9A 1(c) (ii) (b) . It has further been noted that the exporter has submitted data on cost of production three times. The data on cost of production in Appendix-8 submitted for the 1st time has been relied upon, however, the information relating to the cost on account of raw materials have been adjusted by cross checking the information from Appendix-5 and 6, submitted at the later stage. For calculation of Normal value profit @ of 5% has been added to cost of production. By this methodology the normal value has been provisionally determined as US\$\*\*\* per thousand pcs for BOS packing.

### Normal Value for non co-operating exporters from Vietnam.

18. The normal value for non co-operating exporters has been taken as the one determined for M/S- Ritek Vietnam Co. Ltd .

### Normal Value for non co-operating exporters from Malaysia

19. No exporters from Malaysia has responded to the Initiation Notification and provided no information about normal value. In absence of the co-operation from exporters the Authority has constructed normal value on the basis of facts available as per Rule-6(8). Price of Polycarbonate, one of the main raw material has been taken as that of cost to domestic industry . (The prices of Polycarbonate for imports to Malaysia as per World Trade Atlas was much higher than that of domestic industry). Prices of other raw materials, consumption norms for the raw materials , utilities and conversion cost have been taken as that of the domestic industry in India. To this financial cost and profit @5% each has been added to construct the normal value. By this methodology, the normal value for Malaysia has been determined as below.

### Value in US\$ per”000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

## Normal Value for non co-operating exporters from Thailand

20. No exporters from Thailand has responded to the Initiation Notification and provided any information about normal value. In absence of the co-operation from exporters the Authority has constructed normal value on the basis of facts available as per Rule-6(8). Price of Polycarbonate, one of the main raw material has been taken as that of cost to domestic industry . (The prices of Polycarbonate for imports to Thailand as per World Trade Atlas was much higher than that of domestic industry). Prices of other raw materials, consumption norms for the raw materials , utilities and conversion cost have been taken as that of the domestic industry in India. To this financial cost and profit @5% each has been added to construct the normal value. By this methodology, the normal value for Thailand has been determined as below.

### Value in US\$ per"000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

## E.2 Export price

### Vietnam

#### Export price for Ritek Vietnam Co. Ltd .

21. M/s-Ritek Vietnam Co. Ltd .from Vietnam has co-operated and provided transaction wise details of exports to India . In the preliminary findings all transaction of export provided by the exporter have been taken in to consideration. To determine the net export price , the expenses shown in the Apopendix-2 and 3 on account of Ocean freight , inland freight, packing expenses and handling charges have been relied upon and adjusted subject to verification. By this methodology the net export price at ex-factory level has been determined as US\$ \*\*\*per thousand pcs for BOS packing as claimed.

#### Export price for non co-operating exporters from Vietnam

22. For non co-operating exporters from Vietnam the export price has been determined on the basis of minimum priced export transactions comprising of a reasonable commercial volume of the total exports of the responding exporter. To determine the net export price the expenses on account of Ocean freight, inland freight and handling charges as revealed by the co-operating exporter have been adjusted. By this methodology the net export price at ex-factory level has been determined as US\$ \*\*\*per thousand pcs for BOS packing . (Imports from Vietnam constitute BOS packing only.)

### **Export price for non co-operating exporters from Malaysia**

23. As no exporters from Malaysia has co-operated , therefore the export price has been determined on the basis of facts available as per Rule-6(8). For this purpose, the Authority has relied upon the transaction wise imports data procured from Impex statistics It has been observed that the DVD R has been imported in different packages. The weighted average export price has been determined separately for different packing by segregating data of the relevant packing.

24. To determine ex-factory export price, expenses on account of Ocean freight, Marine insurance @0.10%, port expenses and inland freight have been adjusted. For ocean freight , port expenses and inland freight the information provided by the co-operating exporter from Vietnam has been relied upon. By this methodology the ex-factory export price has been determined as under.

#### **Value in US\$ per”000 Pcs.**

Ex-factory export price	Cake box	BOS
DVD-R	***	***

### **Export price for non co-operating exporters from Thailand**

25. As no exporters from Thailand has co-operated , therefore the export price has been determined on the basis of facts available as per Rule-6(8). For this purpose, the Authority has relied upon the transaction wise imports data procured from Impex statistics It has been observed that the DVD R has been imported mainly in BOS packages .(The imports in cake box constitutes very small quantity at abnormal price, therefore ignored ).

26. To determine ex-factory export price, expenses on account of Ocean freight, Marine insurance @0.10%, port expenses and inland freight have been adjusted . For ocean freight , port expenses and inland freight the information provided by the co-operating exporter from Vietnam has been relied upon. By this methodology the net export price at ex-factory level has been determined as US\$ \*\*\*per thousand pcs for BOS packing

### **E.3 Dumping Margin**

27. There is sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices indicating prima-facie that the subject goods are being dumped by the exporters from the subject countries.



28. On the basis of normal values and export prices as determined above, the dumping margins are determined as per table below: -

**Vietnam**

**Value in US\$ per"000 Pcs.**

	Ritek	Non co-operative exporters
Normal Value	***	***
Export Price	***	***
Dumping Margin	31.91	49.25
Dumping Margin(%)	32.99	62.04

**Malaysia**

**Value in US\$ per"000 Pcs.**

	DVD R		Weighted Average
	BOS	Cake Box	
Normal Value	***	***	
Export Price	***	***	***
Dumping Margin	37.53	(21.79)	35.92
Dumping Margin(%)	36.14	(13.18)	34.05

**Thailand**

**Value in US\$ per"000 Pcs.**

	DVD R
	BOS
Normal Value	***
Export Price	***
Dumping Margin	25.98
Dumping Margin(%)	22.51

29. The dumping margins so determined provisionally are significant and above de minimis level.

## **F. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINKS**

### **F.1 Injury Determination**

30. For the purpose of injury analysis the entire imports from the subject countries have been treated as dumped imports.

#### **Submissions by the Domestic Industry**

31. The domestic industry has raised the following arguments:

- (a) Imports of the product under consideration have significantly increased in absolute terms and in relation to production in India.
- (b) The average imports per month increased significantly even within the proposed period of investigation.
- (c) The imports are significantly undercutting the prices of domestic industry. Resultantly, imports were depressing the prices of the domestic industry in the market.
- (d) Even though capacity, production and sales increased over the period, the increase in these parameters was a result of significant increase in demand anticipated earlier for the product. However, the domestic industry lost market share.
- (e) Profitability of the domestic industry has significantly declined over the period because of significant price pressure created by the imports.
- (f) Return on investment and cash flow have also deteriorated significantly over the period. The domestic industry is faced with negative return.
- (g) Inventories with the domestic industry have increased significantly.
- (h) Injury to the domestic industry is being caused by the dumped imports considering that the only reason for reduction in selling price is the decline in import prices.

#### **Examination by the Authority**

32. The Authority has noted the views expressed by the domestic industry and examined the mandatory factors for the purpose of provisional injury determination and causal link analysis in these findings.

### **F.2 Cumulative assessment of injury**

33. The Annexure II (iii) of the Anti Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that

- (a) The volume of imports from individual countries are above de minimis:

- (b) The dumping margin against individual countries is above 2%; and
- (c) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles

34. The Authority notes that the dumped imports are entering the Indian market simultaneously from several countries, including the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

- i) The margins of dumping of individual products from each of the subject countries are more than the de minimis limit;
- ii) The volume of imports of individual products from each of the subject countries is more than the de minimis;
- iii) Imports from the subject countries are significantly undercutting the prices of the domestic industry in the market;

35. In view of the above, the Authority notes that cumulative assessment of injury is appropriate in this case as the exports of individual products from the subject countries are directly competing amongst themselves as well as with the like goods offered by the domestic industry in the Indian market.

### **F.3 Examination of Injury and Causal Link**

36. Rule 11 of Antidumping Rules read with Annexure –II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles....” In considering the effect the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

37. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

38. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under.

#### **F.4 Volume Effects of Dumped Imports: Import volumes and market shares**

##### **a) Import Volumes**

39. DVD is specifically importable under Customs Tariff Head 8523.40.80. The transaction-wise data of imports from Impex Statistics shows that the imports have been made under different custom tariff heads. Data from IMPEX Statistics have been relied upon for analysis.

40. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

41. For the purpose of injury analysis the Authority has relied on transaction wise import data procured from IMPEX Statistics. From the data it has been observed that imports of DVD R constitutes bulk of imports. It has also been observed that imports were made in various packing i.e. Cake box and BOS . However, mainly imports were in pack of BOS.

42. Volume of imports of the subject goods from the subject countries have been analysed as under:-

##### **Import Volumes and share of subject country**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Imports –Volume					
Vietnam	in'000 Pcs	-	-	1,000	57,560
Malaysia	in'000 Pcs	5	57	7,196	14,249
Thailand	in'000 Pcs	41	104	552	8,088
Subject countries	in'000 Pcs	46	161	8,748	79,897
Countries attracting ADD	in'000 Pcs	13,246	20,574	71,474	24,565
Other Countries	in'000 Pcs	1,624	2,475	3,740	10,654
Total Imports	in'000 Pcs	14,915	23,210	83,962	115,117
Market Share in Imports					
Volume Basis					
Subject countries	%	0.31	0.69	10.42	69.41

Countries attracting ADD	%	88.80	88.65	85.13	21.34
Other Countries	%	10.89	10.66	4.45	9.26
Imports from subject countries in relation to production	%	0.005	0.01	0.57	4.97
Imports from subject countries in relation to consumption	%	0.12	0.17	3.21	16.80

43. The data shows imports from subject countries increased from 0.46 Lacs in 2005-06 to 799 lac pieces during POI, indicating sharp increase of 1737 times in imports during POI as compared to base year. As compared to immediate preceding year, the imports increased by 9 times. It has also been observed that imports of DVD was made in different packed forms. However, mainly imports were made in bulk package which constitute 99.49% of the total imports. The other packages were in cake box. It has been observed that imports have increased in absolute term, in relation to production and consumption.

#### b) Demand, Output and Market shares

##### i) Growth In Demand

Demand	Unit	2005-06	2006-07	2007-08	2008-09
Sales of Domestic Industry-Domestic sale	in'000 Pcs	21,270	71,055	188,727	360,375
Sales of Other Indian Producers	in'000 Pcs	1,917	1,845	-	-
Subject countries-Imports					
Vietnam	in'000 Pcs	-	-	1,000	57,560
Malaysia	in'000 Pcs	5	57	7,196	14,249
Thailand	in'000 Pcs	41	104	552	8,088
Subject countries-Imports	in'000 Pcs	46	161	8,748	79,897
Countries Attracting ADD-Imports	in'000 Pcs	13,246	20,574	71,474	24,565
Other Countries-Imports	in'000 Pcs	1,624	2,475	3,740	10,654
Total Demand/Consumption	in'000 Pcs	38,103	96,110	272,689	475,492

44. Demand of subject goods has been determined by addition of domestic sales of Indian industry and imports from all countries. From the data, it has been observed that the demand for the subject goods had been growing from base year to POI. The data indicates that the demand grew in POI by 12 times as compared to base year and by 74% as compared to immediate preceding year.

**ii) Production of the Domestic Industry**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Capacity Utilization					
Capacity	Lac Pcs	9,885	13,791	15,432	16,087
Production	Lac Pcs	6,435	9,344	11,101	12,171
Capacity Utilization	%	65.10	67.75	71.94	75.66

45. The above data shows that capacity of the domestic industry has been increasing every year. Similarly production also shows healthy growth. In POI, the production grew by 89% as compared to base year and 10% as compared to immediate preceding year. It has further been noted that the domestic industry has significant export sales which has increased by 49% as compared to base year. However, it declined slightly in POI (approximate 5%) as compared to immediate preceding year. The Authority observed that the increase in capacity and production was on account of exports as well as domestic sales. However, the domestic industry is left with significant idle capacity.

**iii) Sales of Domestic Industry**

	Unit	2005-06	2006-07	2007-08	POI
Domestic Sales	Lac Pcs.	213	711	1,887	3,604
Export Sales	Lac Pcs.	5,613	7,778	8,847	8,368

46. The data on sales indicates that the domestic industry sold 213 Lac Pcs of subject goods during 2005-06 and the same increased to 3,604 Lac Pcs during POI. The sale of domestic industry has been increasing throughout the injury period.

**iv) Demand and Market Share :**

47. Both the demand as well as market share of domestic product has been continuously increasing from the base year to the POI.

	Unit	2005-06	2006-07	2007-08	POI
Sales of Domestic Industry	in'000 Pcs	21,270	71,055	188,727	360,375

Sales of Other Indian Producers	in'000 Pcs	1,917	1,845	-	-
Subject countries-Imports					
Vietnam	in'000 Pcs	-	-	1,000	57,560
Malaysia	in'000 Pcs	5	57	7,196	14,249
Thailand	in'000 Pcs	41	104	552	8,088
Subject countries-Imports	in'000 Pcs	46	161	8,748	79,897
Countries Attracting ADD-Imports	in'000 Pcs	13,246	20,574	71,474	24,565
Other Countries-Imports	in'000 Pcs	1,624	2,475	3,740	10,654
Total Demand/Consumption	in'000 Pcs	38,103	96,110	272,689	475,492
Market Share in Demand					
Sales of Domestic Industry	%	55.82	73.93	69.21	75.79
Sales of Other Indian Producers	%	5.03	1.92	-	-
Subject countries-Imports					
Vietnam	%	-	-	0.37	12.11
Malaysia	%	0.01	0.06	2.64	3.00
Thailand	%	0.11	0.11	0.20	1.70
Subject countries-Imports	%	0.12	0.17	3.21	16.80
Countries Attracting ADD-Imports	%	34.76	21.41	26.21	5.17
Other Countries-Imports	%	4.26	2.57	1.37	2.24

48. The demand of subject goods in the domestic industry has shown rising trend. From 381 lac pieces in the base year, the demand increased to 4755 lac pieces in POI. The demand in POI grew by 12 times (1248%) as compared to base year and 74% as compared to immediate preceding year. From the base year to POI, market share of the domestic industry increased from 55.82% to 75.79% and as compared to immediate preceding year, the market share increased from 69.21% to 75.79%. The share of the subject countries from base year increased from 0.12% to 16.80% and as compared to immediate preceding year it increased from 3.21% to 16.80%. It has further been noted that countries which were subjected to anti dumping duties, their share declined significantly from 26.21% in 2007-08 to 5.17% in POI.

**(c) Price Effect of the Dumped imports from subject countries on the Domestic Industry**

**(i) Evaluation of export price over the injury analysis period**

Export Price	Unit	2005-06	2006-07	2007-08	POI
Vietnam	Rs./Pc			3.27	4.72
Malaysia	Rs./Pc	6.20	5.17	4.14	4.92
Thailand	Rs./Pc	22.31	11.12	4.57	5.42
Subject Countries	Rs./Pc	20.56	9.01	4.07	4.82
Trend	Indexed	100	44	20	23

49. The data on export price shows that prices from subject countries have declined from base year to POI. It has been observed from the data that the prices declined significantly from base year to POI. As compared to immediate preceding year, however, the prices increased by approximately 76 paise for subject countries together i.e. an increase of about 18%. For individual subject countries as well, the prices increased from immediate preceding year to POI. It has further been noted that the prices of major raw material i.e. Polycarbonate remained same in 2007-08 and POI as per the data of the domestic industry (the polycarbonate prices as per World Trade Atlas for imports to the subject countries were abnormally high, therefore, no meaningful comparison could be made).

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

**Calculation of Price undercutting for Malaysia**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	5	57	7196	14249
Assessable value	Rs/Pc.	6.26	5.22	4.18	4.97
Landing Charge 1%	Rs/Pc.	0.06	0.05	0.04	0.05
CIF export price	Rs/Pc.	6.20	5.17	4.14	4.92
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	-
Landed price of imports	Rs/Pc.	6.20	5.17	4.14	4.92
Net Selling Price	Indexed	100	90	75	70
Price Undercutting	Indexed	100	112	99	39
Price Undercutting (%)	% Range	20 to 30	25 to 35	25 to 35	10 to 20



### Calculation of Price undercutting for Thailand

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	41	104	552	8,088
Assessable value	Rs/Pc.	22.54	11.23	4.62	5.47
Landing Charge 1%	Rs/Pc.	0.23	0.11	0.05	0.05
CIF export price	Rs/Pc.	22.31	11.12	4.57	5.42
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	-
Landed price of imports	Rs/Pc.	22.31	11.12	4.57	5.42
Net Selling Price	Indexed	100	90	75	70
Price Undercutting	Indexed	-100	-27	11	2
Price Undercutting (%)	% Range	(-)170 to 175	(-)45 to 55	20 to 30	1 to 10

### Calculation of Price undercutting for Vietnam

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	No imports	No imports	1,000	57,560
Assessable value	Rs/Pc.			3.30	4.76
Landing Charge 1%	Rs/Pc.			0.03	0.05
CIF export price	Rs/Pc.			3.27	4.72
Customs Duty (Rate)	%			0%	0%
Customs Duty	Rs/Pc.			-	-
Landed price of imports	Rs/Pc.			3.27	4.72
Net Selling Price	Indexed			100	93
Price Undercutting	Indexed			100	34
Price Undercutting (%)	% Range				

### Calculation of Price undercutting for Subject Countries

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	46	161	8,748	79,897
Assessable value	Rs/Pc.	20.77	9.11	4.11	4.87
Landing Charge 1%	Rs/Pc.	0.21	0.09	0.04	0.05
CIF export price	Rs/Pc.	20.56	9.01	4.07	4.82
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	-
Landed price of imports	Rs/Pc.	20.56	9.01	4.07	4.82

Net Selling Price	Indexed	100	90	75	70
Price Undercutting	Indexed	-100	-13	16	7
Price Undercutting (%)	% Range	(-)150 To 155	(-) 20 to 30	30 to 40	10 to 20

50. Further the price undercutting was examined package wise for the subject countries for the product under consideration package wise for the POI, the table below shows that there is positive undercutting.

		DVD-R	
		BOS	Cake Box
Volume of Imports	Volume(000)	79,487	410
Assessable value	Rs./Lacs	3,858.71	34.58
Assessable value	Rs/Pc.	4.85	8.43
Landing Charge 1%	Rs/Pc.	0.05	0.08
CIF export price	Rs/Pc.	4.81	8.34
Customs Duty (Rate)	%	0%	0%
Customs Duty	Rs/Pc.	-	-
Landed price of imports	Rs/Pc.	4.81	8.34
Net Selling Price	Indexed	100	130
Price Undercutting	Indexed	100	(539)
Price Undercutting (%)	% Range	1 to 10	(-) 20 to 30

51. The impact on the prices of the domestic industry on account of the dumped imports from the subject countries have been examined with reference to the price undercutting and price underselling, if any. For the purpose of this analysis the weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the Domestic industry have been compared with the landed value of imports from the subject countries.

52. In determining the weighted 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.

53. Price undercutting has been determined by comparing the weighted average landed value of dumped imports from the subject countries over the entire period of investigation with the weighted average net sales realization of the domestic industry for the same period. For this purpose, imports have been segregated in packed form and bulk form. The landed value of imports has been calculated by adding (for the relevant years) 1% handling charge (basic customs duty for the PUC is zero) to the value reported in the import data of import prices from the

subject countries. The weighted average undercutting from subject countries during POI was in the range of 10-20%.

54. For the purpose of price underselling determination the weighted average landed prices of imports from subject countries have been compared with the non-injurious price of the domestic industry determined for the POI. The weighted average underselling in respect of BOS was in the range of 55-75% and in respect of Cake box was in the range of 15-25%.

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

55. It has been noted that the selling price of the domestic industry declined by 30% in POI as compared to base year. As compared to immediate preceding year, the price declined by 7% paisa indicating that there was price depression. The price suppression effect of the dumped imports has also been examined with reference to the cost of production and net sales realization of the domestic industry. It has been noted that the cost of sales declined by 65 paisa in POI as compared to immediate preceding year where as the selling price declined by 40 paisa in the same period indicating that the domestic industry had to reduce the price, however, the price declined was less than that of decline in cost of sales thereby the domestic industry could reduce the loss in the domestic sales.

**F.5 Examination of other Injury Parameters**

56. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and 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 analyzed hereunder as follows:-

**Profits and actual and potential effects on the cash flow**

	Unit	2005-06	2006-07	2007-08	POI
Sales (NSR)	Indexed	100	90	75	70
Cost to make and sell	Indexed	100	77	87	80
Profit before tax	Indexed	(100)	(142)	(212)	(180)
Profits before interest	Indexed	(100)	(763)	(3469)	(5091)
Total Profit before tax	Indexed	(100)	(476)	(1871)	(3027)
Cash profit	Indexed	100	139	(178)	(224)

57. The data shows that cost of sales of the domestic industry declined significantly over the injury period. From 2005-06 to POI, the cost to make and sell declined by Rs.1.68/pc due to declining conversion cost and of raw materials other than polycarbonate. During the same period, the selling price declined by Rs.2.47/pc indicating disproportionate reduction in selling price as compared to cost of sales. However, as compared to immediate preceding year, the loss per unit declined on account of higher decline in cost of sales as compared to decline in selling price. The loss per unit (indexed) increased from -100 in the base year to -179 in the POI, as compared to immediate preceding year the loss declined from -211 to -179. Similarly, Profit before interest and tax (PBIT) (indexed) increased from -100 to -5090 in POI as compared to base year. The profit before tax declined on consistent basis throughout the injury period. The loss incurred by the domestic industry during the POI has increased manifold. The domestic industry has suffered a negative cash profit both during POI and preceding year 2007-08 and cash losses have increased during POI.

### **Return on Capital Employed**

#### Return on Capital Employed

Particulars	Unit	2005-06	2006-07	2007-08	POI
Net Fixed Assets	Indexed	100	255	564	906
Working Capital	Indexed	100	231	854	1116
Total Capital Employed( on NFA basis)	Indexed	100	249	629	953
Return on Capital Employed-NFA	Indexed	(100)	(306)	(552)	(712)

58. The above data on return on capital employed shows that return declined very steeply over the injury period.

### **Employment and wages**

Particulars	Unit	2005-06	2006-07	2007-08	POI
Employees	No.	***	***	***	***
Trend	Indexed	100	112	92	90
Wages	Lakhs	***	***	***	***
Trend	Indexed	100	161	233	236

59. The manufacturing facility of the domestic industry covers both subject goods and other products not covered in this investigation. The number of employees has been taken for plant as a whole. The above data shows that number of employees has decreased by 9.69% during POI as compared to base year. The wages however increased from (indexed) from 100 in the base year to 236 in POI and wages per employee has increased 100 in base year to 262 in POI.

## Productivity

60. The productivity per employee measured as production per employee has improved significantly from base year to POI. It has gone up (indexed) from 100 in base year to 209 in POI.

## Inventories

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Opening	Lac Pcs	646	1,195	2,005	2,314
Closing	Lac Pcs	1,195	2,005	2,314	2,503
Average	Lac Pcs	920	1,600	2,160	2,408
Stock as no. of days of sales	Days	58	69	73	73

61. The above data shows that the average inventory increased significantly over the years. Inventories measures in term of sale days also increased from base year to POI though there was no change in POI as compared to immediate preceding year. The inventory however is not correct indicator for the injury analysis in this case as the inventory calculated includes the inventory lying in warehouses though already allocated for export purpose.

## Growth

62. The growth in demand shows positive trend from base year to POI on year-to-year basis. The growth in production and sales were positive. However, cost, selling price, profitability and return on investment shows negative trend.

Growth Compared to Previous Year		2006-07	2007-08	2008-09
Production	%	45.22	18.80	46.19
Domestic Sales Volume	%	234.06	65.61	154.60
Selling price domestic	%	(9.81)	17.23)	(6.59)
Cost of sales domestic	%	(4.97)	8.15)	(8.54)
Average stock	%	73.86	34.95	11.53
Return on capital employed (NFA basis)	%	(2.66)	3.16)	(2.07)

## Investment

63. The Authority notes that the domestic industry had infused fresh capital to increase the capacity for subject goods and other goods during the injury period.

## **Magnitude of Dumping**

64. Magnitude of dumping as an indicator of the extent to which the dumped imports can cause injury to the domestic industry shows that the dumping margins determined against the subject countries for the POI, are significant.

## **Factors affecting prices**

65. The Authority notes that the cost of sales declined during the injury period. From 2005-06 to POI, the cost to make and sell declined by Rs.1.68/pc. As compared to immediate preceding year, the cost to make and sell declined by 65 paisa per piece. The landed value from subject countries though has declined from base year to POI, however as compared to immediate preceding year it has increased by 75 paisa. It has further been noted that though the landed value from subject countries has increased in POI as compared to immediate preceding year, however, there is a significant undercutting of the selling price of the domestic industry, by imports from subject countries. It has further been noticed that earlier the domestic industry was facing undercutting from the other countries which has since been subjected to anti dumping duty on 23.7.2008. Moreover, the domestic industry has suffered significant priceselling.

## **F.6 Conclusion on injury parameters**

66. The capacity and production of the domestic industry has improved consistently from base year to POI. In this regard, it has been noted that the domestic industry is not only catering to the demand in the domestic market but also catering to the export market. In fact, the domestic sale of the domestic industry is 30% of the total sales in the POI. The domestic sale of the domestic industry has also improved from base year to POI. The demand of the product in the domestic market has shown consistent growth and the domestic industry has improved its share in the domestic market to 76% in POI as compared to 56% in the base year and 69% in immediate preceding year, indicating that the domestic industry has been able to capture the market share and has taken advantage of growth in demand. However, the domestic industry is still left with idle capacity.

67. The cost of sale of the product though has declined significantly from base year to POI, however the selling price also declined. The relative decline in selling price was more as compared to corresponding decline in cost of sales. The domestic industry was suffering loss in the domestic sales in POI and continues to make loss in injury period. The loss per unit however declined in POI as compared to immediate preceding year. The Losses (PBIT) increased from base year to POI. From a position of positive cash-profit during the base

year, the domestic industry was suffered negative cash profit both during 2007-08 and 2008-09 (POI).

68. The analysis of above economic parameters indicates that the domestic industry though has taken advantage of growth in demand, but continue to make loss in the domestic sales and consequently suffered the injury.

#### **F.7 Other Known factors and Causal Link**

69. The Authority has also examined the other non-attribution factors as laid down in the Rules to analyse the injury if any caused by other factors. In this regard the following indicative factors as laid down in the Rules have been examined.

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

70. During POI, imports from countries not under investigation constitute 9.25% of the total imports. The imports from one country was also undercutting the selling price of the domestic industry. However, it constitutes only 1.3% of total imports during the POI. The other countries (China, Hong Kong and Chinese Taipei) which are undercutting the prices of the domestic industry have already been subjected to anti dumping duty. Therefore, the imports from other countries cannot be considered as causing injury to the domestic industry.

##### **ii) Contraction in demand, change in pattern of consumption and Development of technology**

71. Because of development of further technology and new product in the market, the consumption pattern of the subject goods is undergoing change in favour of this product. In India the subject goods have shown robust growth during the injury period. Therefore, the change in patter of consumption and contraction of demand cannot be considered as a factor causing injury to domestic industry.

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

72. The Authority notes that there is no restricted practice prevalent in the industry which could be attributed to the injury to the domestic industry.

##### **iv) Export performance**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Export Sales	Lac Pcs.	5613	7778	8847	8368
Cost of sales	Indexed	100	94	87	77

Selling Price	Indexed	100	88	69	69
Profit/Loss	Indexed	100	46	(61)	12

73. The Authority notes that the export volume of the domestic industry has been increasing till 2007-08 and marginally reduced in POI. The Authority also notes that the analysis of financial performance for the injury period has been done for the domestic sales only. Therefore, the export performance cannot be considered as a factor causing injury to the domestic industry.

v) Productivity of the Domestic Industry

74. Productivity of the domestic industry in terms of production per employee has improved significantly, therefore this cannot be a factor causing injury to the domestic industry.

75. No other factor, which could have possibly caused injury to the domestic industry, has come to the notice of the Authority.

Causal Link

76. The Authority notes that the domestic industry was facing dumped imports from China PR, Hong Kong and Chinese Taipei and were undercutting the selling price of the domestic industry. On 23rd July, 2008, these countries were subjected to anti dumping duty to neutralize the effect of dumped imports. The imports from subject countries sharply increased in POI as compared to immediate preceding year i.e. 2007-08. It has further been noted that the imports from subject countries were undercutting the selling price of the domestic industry significantly during the POI as well as in immediate preceding year. As a consequence of anti dumping duty on countries dumping the subject goods to India, the performance of the domestic industry should have improved. However, because of change of source of dumping, the financial performance of the domestic industry did not improve and losses of the domestic industry continued. It has further been noted that the export price from the subject countries have improved in POI as compared to immediate preceding year. The domestic industry however had to reduce the selling price keeping in view the significant undercutting of the selling price. The continuing of losses has also impacted cash flow and return on capital employed and it continued to show negative trend. The Authority has not found any other factors other than dumped imports from the subject countries which could be attributed to the losses, indicating causal link between the dumped imports and injury to the domestic industry.

77. The Authority further notes that the imports from subject countries are rising significantly after the initiation of the investigation and would continue to cause injury and therefore it is necessary that provisional duty is imposed to prevent injury to the domestic industry during the investigation. On the basis of the above examination it is provisionally concluded that the subject goods exported from the



subject countries are at prices below their normal values, non injurious price of the domestic industry and the average net sales realization of the subject goods of the domestic industry, and have caused injury to the domestic industry indicating causal links between dumping of subject goods and injury to the domestic industry.

## **G. Conclusions**

78. The Authority has, after considering the foregoing, come to the conclusion that:

- A. The subject goods have been exported to India from the subject countries below its normal value;
- B. The domestic industry has suffered material injury;
- C. The injury has been caused by the dumped imports from subject countries.

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

79. The Authority notes that 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 countries in any way, and, therefore, would not affect the availability of the products to the consumers.

## **I. Recommendations**

80. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspect of dumping, injury and causal links. Having initiated and conducted a preliminary investigation into dumping, injury and causal links between dumping and injury to the domestic industry in terms of the Rules laid down and having provisionally established positive dumping margins against the subject countries, as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of provisional duty is required to offset dumping and injury pending completion of the investigation.

81. Therefore, Authority considers it necessary and recommends provisional anti-dumping duty on imports of subject goods from the subject countries in the form and manner described hereunder.

82. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of provisional anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the

domestic industry. Accordingly, provisional antidumping duty equal to the amount indicated in Column-8 of the table below is recommended 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 the subject countries.

Duty Table

S N	Tariff Item	Description Of Goods	Country of Origin	Country of Export	Producer	Exporter	Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	8523	*Digital Versatile Disc Recordable	Vietnam	Vietnam	M/s-Ritek Vietnam Co. Ltd	M/s-Ritek Vietnam Co. Ltd	31.90	Per 1000 pieces	US\$
2	Do	Do	Vietnam	Vietnam	Any other combination of producer and exporter other than at S. No. 1		49.25	Per 1000 pieces	US\$
3	Do	Do	Vietnam	Any country other than Vietnam	Any	Any	49.25	Per 1000 pieces	US\$
4	Do	Do	Any country other than countries attracting anti dumping duty	Vietnam	Any	Any	49.25	Per 1000 pieces	US\$
5	Do	Do	Thailand	Thailand	Any	Any	25.98	Per 1000 pieces	US\$
6	Do	Do	Thailand	Any country other than Thailand	Any	Any	25.98	Per 1000 pieces	US\$
7	Do	Do	Any country other than	Thailand	Any	Any	25.98	Per 1000	US\$

			countries attracting anti dumping duty					pieces	
8	Do	Do	Malaysia	Malaysia	Any	Any	35.92	Per 1000 pieces	US\$
9	Do	Do	Malaysia	Any country other than Malaysia	Any	Any	35.92	Per 1000 pieces	US\$
10	Do	Do	Any country other than countries attracting anti dumping duty	Malaysia	Any	Any	35.92	Per 1000 pieces	US\$

\*The product under consideration in the present investigation is Digital Versatile Disc Recordable of all kinds. Such product includes DVD-R, DVD+R, DVD-RW and DVD+RW.

#### J. Further Procedures

83. The following procedure would be followed subsequent to notifying the preliminary findings: -

- a) The Authority invites comments on these findings from all interested parties and the same would be considered in the final finding. Interested party may also make known its views within forty days from the date of publication of these findings;
- b) The Authority would conduct further verification to the extent deemed necessary;
- c) The Authority would disclose essential facts before announcing final findings.

R Gopalan  
The Designated Authority