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**Government of India
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)**

NEW DELHI, the 5th May 2016

NOTIFICATION

FINAL FINDING

Sub: Anti-dumping investigation concerning import of “Plain Medium Density Fibre Board (MDF) having thickness of 6mm and above” originating in or exported from Indonesia and Vietnam

F. NO. 14/23/2014-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:

1. Whereas M/s Greenply Industries Ltd and M/s Mangalam Timber Products Ltd, (applicants) had filed an application (also referred to as petition) before the Designated Authority (hereinafter referred to as the Authority) for initiation of an Antidumping duty investigation concerning imports of Plain Medium Density Fibre Board, having thickness of 6mm and above (hereinafter referred to as the subject goods or “MDF”), originating in or exported from Indonesia and Vietnam (hereinafter also referred to as the subject countries), in accordance with the Act Rules supra.
2. And Whereas, on the basis of sufficient *prima facie* evidence submitted by the applicants, the Authority issued a public notice dated 7th May, 2015, in accordance with the Rule 6(1) of the Rules, published in the Gazette of India, Extraordinary, initiating an Anti-Dumping investigations concerning import of the subject goods originating in or exported from the above countries, to determine the existence, degree and effect of alleged dumping from the above named countries, and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the injury to the domestic industry, if any.

A. Procedure

3. Procedure described below has been followed with regard to this investigation.

- i. In terms of sub-Rule 5 of Rule 5, the Authority notified the Embassies of the subject countries in India about the receipt of the application from the domestic industry requesting for initiation of an antidumping investigation.
- ii. The embassies of the subject countries in New Delhi were also informed about the initiation of the investigations in accordance with Rules 6(2).
- iii. The Designated Authority sent copies of initiation notification dated 7th May, 2015 to the embassies of the subject countries in India, known exporters from the subject countries, known importers and other interested parties, as per the information available with it. The domestic industry was also intimated about the initiation of the investigation. Parties to this investigation were requested to file questionnaire responses and make their views known in writing within prescribed time limit. Copies of the letter, petition and questionnaire sent to the exporter, were also sent to the Embassies of subject countries along with the list of known exporters/producers with a request to advise the exporters/producers from the subject countries to respond to the questionnaire within the prescribed time.
- iv. Copies of the non-confidential version of the petition filed by the domestic industry were made available to the known exporters and the embassies of the subject countries in accordance with Rules 6(3) supra. The Authority made available non-confidential versions of the evidences presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- v. At the request of some interested parties the Designated Authority extended the time period for submission of questionnaire responses for all interested parties up to 12th July, 2015, vide communication dated 22nd June, 2015.
- vi. Exporters' Questionnaires were sent to the following known exporters from the subject countries in accordance with the rule 6(4) to elicit relevant information.
 - a) Andalan Karya Bersama. PT
 - b) La Mobila Pannelli PT
 - c) P.T. Sumatera Prima Fibre Board

- d) Evergreen Fibre Board Berhad (EFB)
 - e) M/s PT Hijau Lestari Raya Fibreboard
 - f) Hong Duong Bamboo and Rattan Company Limited
 - g) Vietnam Wooden Board
 - h) Vitranexco Ltd. Company
 - i) VRG Dongwha MDF Ltd.
 - j) Kim Tin Group JSC Ltd
- vii. The following producers/exporters, exporting the subject goods originating in or exported from the subject countries have filed questionnaire responses:
- a) Kim Tin MDF Joint Stock Company, Vietnam
 - b) M/s Kim Tin Trading Co. Ltd, Vietnam
 - c) M/s PT Hijau Lestari Raya Fibreboard (PTH), Indonesia
 - d) M/s VRG Dongwha MDF Joint Stock Company, Vietnam
 - e) PT Sumatera Prima Fiberboard, Indonesia
 - f) M/s MDF VRG Quang Tri Wood Joint Stock Company, Vietnam
- viii. Questionnaires were sent to the following known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4):
- a) Ply point, Kerala
 - b) Label Sales Corporation, Kerala
 - c) Srivari Traders, Tamil Nadu
 - d) Krishna Plywoods, Tamil Nadu
 - e) Thamarapally Brothers, Kerala
 - f) Jacsons Veneers and Panel P. Ltd, Kerala
 - g) Kalinga Importers & Exporters Pvt. Ltd, Kerala
 - h) Victory Plywood Distributors, Kerala
 - i) Mathewsons Export & Import P. Ltd, Kerala
 - j) Feroke Boards Ltd, Kerala
 - k) R.J. Metals, Kerala
 - l) CL Gupta Exports Ltd, India
 - m) Venugopala Slate Industries, Andhra Pradesh
 - n) Spacewood Furnishers Pvt. Ltd, Nagpur
 - o) Kutty Flushdoors and Furnitures Co. Pvt. Ltd.
 - p) Association of Furniture Manufacturers of India (AFMI)
 - q) Indian Moulded Panel Shutters Manufacturers Association, New Delhi
 - r) Balaji Impex, Maharashtra

- s) Koteshwari Slate Works, Andhra Pradesh,
 - t) Saikrupa Slate Works, Andhra Pradesh
 - u) Vishwamitra Slate Works
- ix. None of the importers/users of the subject goods has filed any questionnaire response. However, the following parties have filed brief objection to the initiation of the investigation without providing any questionnaire response or any meaningful information with regard to the case:
- a. Association of Furniture Manufacturers & Traders (India), Mumbai
 - b. M/s Sobha Ltd, Bangalore
- x. Association of Indian Panel Board Manufacturers, Ahmedabad, in its brief submissions, has supported the petition and the investigation being carried out by the Authority.
- xi. Optimum cost of production and cost to make and sell the subject goods in India, has been worked out based on the information furnished by the petitioner and as per Generally Accepted Accounting Principles (GAAP), so as to ascertain whether Anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic industry;
- xii. The confidentiality claims of various interested parties, in respect of the data submitted by them have been examined. The information, which are by nature confidential or which have been provided on a confidential basis by the interested parties, along with non- confidential summary thereof have been treated confidential. *** in this finding represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules;
- xiii. In accordance with Rule 6(6) of the AD Rules, the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 03.02.2016. The interested parties were requested to file written submissions of their views expressed orally. The submissions made by the interested parties during the course of the investigations and written submissions after the public hearings have been addressed in this finding to the extent they are relevant and backed by evidence;
- xiv. Verification of the information and data submitted by the participating domestic producers as well as the responding exporters were carried out to the extent deemed necessary and feasible;

- xv. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has treated such parties as non-cooperative and has used “best information available” for the determinations to the extent required;
- xvi. In terms of Rule 16 of the Rules the Authority disclosed the essential facts of the case through a disclosure statement issued on 26th April, 2016. The following parties have filed their comments on the disclosure statement and their comments have been considered to the extent they are relevant and not re-iteration of their earlier views on the subject:
 - i. M/s TPM Consultants, on behalf of the domestic industry;
 - ii. M/s APJ SLG Law Associates, on behalf of M/s VRG Dongwha MDF Joint Stock Company, Vietnam;
 - iii. M/s Pothal and Associates, on behalf of M/s Kim Tin MDF Joint Stock Company, Vietnam;
 - iv. M/s Pothal and Associates, on behalf of M/s Kim Tin Trading Co. Ltd, Vietnam;
 - v. M/s ANM Global Inc, on behalf of M/s PTH Hijau, Indonesia; and
 - vi. M/s ANM Global Inc, on behalf of M/s MDF VRG Quang Tri Wood Joint Stock Company, Vietnam
- xvii. Investigation was carried out for the period starting from 1st October 2013 to 30th September 2014 (12 months). However, the injury information period covered the periods April 2011 to March, 2012, April 2012 to March 2013, April 2013 to March 2014 and the period of investigation;
- xviii. For the purpose of conversion of the currencies in the countries of exports the daily exchange rates prevailing during the period of investigation as reported in the questionnaire responses of the cooperating exporters have been considered. For the conversion of Rupees average exchange rate of 1\$= Rs. 61.65 for the POI has been considered.

B. Product Under Consideration and Like Article

- 4. The product under consideration in the present investigation is “Plain Medium Density Fibre Board (MDF) having thickness of 6mm and above”. MDF is also known as Plain MDF Board, or Custom-wood, or Craft-wood in market parlance. Plain Medium Density Fibre board, or Plain MDF Board is a composite wood product made out of wood waste fibres glued together with urea formaldehyde resin or

melamine resin under heat and pressure. It is widely used for partitions, modular furniture, cabinets etc. due to its smooth and uniform finish. The product is produced in two types, i.e. plain and laminated. MDF board is processed further, such as painted, laminated by veneer etc. to obtain laminated MDF Board. Product scope of the present petition does not include laminated MDF Board.

5. Plain Medium Density Fibre Board is normally produced and sold in standard sizes, and is used by cutting as per size and design requirement of the user. The standard thickness in which it is produced and sold are 1.2mm to 25mm and standard size is 8X4. The thickness can be modified to suit customer requirements. The product under consideration is of thickness of above 6mm only. In industry parlance, the boards are divided into “thick” and “thin”. The product under consideration is described as “thick” MDF.
6. The subject goods produced and sold by the applicant domestic industry and imported from the subject country are comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers use the two interchangeably and are therefore, technically and commercially substitutable. Therefore, the domestic products and imported subject goods are like products within the meaning of the term under the Rules.
7. The opposing interested parties have not made any relevant submission with regard to the scope of the product under consideration and the like article. Therefore, the Authority confirms the scope of the product under consideration as “Plain Medium Density Fibre Board (MDF) having thickness of 6mm and above”.
8. The product under consideration falls under the Chapter 44 of the Customs Tariff Classification, that is “wood and articles of wood; wood charcoal” and more specifically under Heading 4411, “Fibre board of wood or other ligneous materials, whether or not bonded with resins or other organic substances.” The product under consideration is covered under ITC HS 44111300 and 44111400 at 8-digit level. Since the product does not have a dedicated classification the Customs classification above is indicative only and in no way binding on the scope of the present investigation.

C. Domestic Industry and Standing

9. The Authority notes that the application for initiation of this investigation was jointly filed by M/s Greenply Industries Limited and M/s Mangalam Timber Products Ltd., two of the major domestic producers of Plain Medium Density Fibre board in India accounting for about 40% of the total production of the subject goods in India as per the information filed by the petitioners. Apart from the applicant domestic producers as above, there are other producers of the subject goods in India namely, M/s Rushil Décor Limited, Shirdi Industries Limited, Nuchem Limited and Balaji Action Buildwell. M/s Rushil Décor Limited, which accounted for about 20% of total production, had supported the application/petition.
10. As per the information filed by the petitioners Nuchem Limited (manufacturing NUWUD MDF brand) shut down production in February 2011. Bajaj Eco-Tec Products Limited ceased producing the like product in 2009. Shirdi Industries Limited significantly reduced production for a long period and now has been referred to BIFR. Therefore, M/s Greenply Industries Limited and M/s Mangalam Timber Products Ltd., alongwith the supporting domestic producer, i.e., M/s Rushil Décor Limited accounted for about 60% of the domestic industry and the applicants were treated as the domestic industry at the time of initiation for the purpose of injury examination.
11. However, after initiation of the investigation the petitioners brought to the notice of the Authority that M/s Mangalam Timber Products Ltd., which was one of the petitioners, has expressed its inability to provide elaborate supplementary information required by the Designated Authority for the purpose of injury and injury margin determinations because of significant financial losses and consequent administrative issues. It was also submitted that considering the above position this Company was earlier excluded from the scope of domestic industry in a recently concluded sunset review investigation. It was represented on behalf of the applicant domestic producers that the Authority may proceed with the investigation with M/s Greenply Industries Limited as the domestic industry as it in itself commanded a major proportion of the domestic production of the subject goods. However, if the Authority wanted to increase the participation by way of inclusion of other domestic producers, data with regard to the other producers can be submitted.
12. Notwithstanding the fact that M/s Greenply Industries alone, accounting for 33% of Total domestic production, commanded a major proportion of the domestic production of the subject goods and alongwith the supporters, i.e. M/s Rushil Décor Ltd. accounted for more than 50% of the domestic production, in order to make the injury analysis more representative this supporting domestic producer was asked to join the petition and provide its cost and injury related data. Accordingly, M/s Rushil

Décor Ltd. submitted its cost and injury information and has been treated as a part of the domestic industry for the purpose of this investigation.

13. The opposing interest parties, in their various submissions, including their post disclosure comments, have argued that the applicant domestic industry has misled the Designated Authority as they were well aware of non-participation of M/s Mangalam Timber Products and this fact was suppressed from the Authority at the time of initiation. Had the authority known at the time of initiation itself that the domestic producers who have provided the verifiable information only accounted for 33% of the total domestic production, it might not have initiated the proceedings. This is irrespective of the fact that the authority has a right to initiate in case of more than 25% of the total domestic production. It has been further argued that M/s Rushil Décor may not be considered as part of domestic industry at such belated stage as M/s Rushil Décor's information was not the basis of initiation. It has been argued that determination of standing is a condition precedent to initiation of investigation as per Rule 5(3) and therefore, after non-cooperation by Mangalam there is no clarity on the constituents and/or purview of 'domestic industry' in the investigation and the application fails to meet the test of adequacy and accuracy as required under Rule 5(3).
14. The domestic industry, in its submissions, has counter the views of the opposing interested parties, and has *inter alia* argued as under:
 - i. That the argument of the interested parties that the petitioners alone should command 50% of Total domestic production as consistent practice is without any basis. In fact, share of the petitioning companies constituted over 39% at the stage of initiation, whereas the share of participating companies constitutes 55% at present showing increase in the share of petitioning companies over the period;
 - ii. That the power of defining the scope of the domestic industry is vested in the Designated Authority and the scope is determined by the Designated Authority at every stage of the investigation. The scope of domestic industry at the stage of initiation and the final finding can vary. By arguing, that M/s Rushil Décor cannot be included in the scope of the domestic industry at a later stage, the interested parties are attempting to argued that the scope of domestic industry is frozen at the stage of initiation, which is not the case.
 - iii. That merely because Rushil Décor has not stated anything with regards to imports made by them does not imply that they are ineligible domestic industry.

The question of imports made by a domestic producer and its relationship with an exporter and an importer is a parameter which is relevant not only with petitioning companies, but also for supporting companies and all other domestic producers. The interested parties have wrongly assumed that the issue of the relationship is limited only to the petitioning companies. Thus if Rushil Décor has supported the petition at the stage of initiation and if their production was counted for the purpose of determining eligibility of the petitioner and the scope of domestic industry at the stage of initiation, the same was possible only after ascertaining that the domestic producers included for the purpose are all eligible domestic producers. Rule 2(b) and Rule 5(3) in this regard make it evident that the scope of the domestic industry is determined from amongst the eligible domestic producers. However, the relevant certificate from Rushil Décor has been separately provided for the public file.

15. In their post disclosure submissions some of the interested parties have argued that the constitution of the Domestic Industry should have been made known to the interested parties prior to hearing so that they could offer their comments effectively. However, it is for the first time that the structure of the Domestic Industry is being conveyed through the disclosure statement thereby affecting their right to comment on the subject effectively. On the other hand, the domestic industry has commented that the Authority has rightly held that M/s Greenply Industries and M/s Rushil Décor Ltd are eligible domestic industry in terms of Rule 2(b) of the Anti-Dumping Rules.
16. In this regard the Authority notes that the communications with regard to the changes in the composition of the domestic industry was placed in the public folder and was available to the interested parties on the basis of which the issue was argued extensively in the public hearing and it was adequately clarified that though the remaining domestic producer i.e., Green Ply commands the standing to continue as the domestic industry, in order to have more representative data the Authority has included the supporter i.e., Rushil within the scope of the domestic industry. Therefore, these arguments of the parties at this stage are not valid.
17. The Authority notes that Rule 2(b) of the AD Rules provides that *“domestic industry means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped articles or are themselves importers thereof in such case the term ‘domestic industry’ may be construed as referring to the rest of the producers.”*

18. As noted earlier the application was initially filed by M/s Greenply Industries and M/s Mangalam Timber together accounting for about 40% of domestic production and alongwith the supporter to the petition i.e. M/s Rushil Décor Ltd. commanded about 60% of domestic production. Even if, Mangalam was not a part of petition *ab initio* M/s Greenply Industries alone commanded more than 25% of domestic production and alongwith the supporter i.e., M/s Rushil accounted for more than 50% of domestic production. Therefore, the argument of the opposing interested parties that the initiation was vitiated is not valid.
19. The Authority further notes that notwithstanding the fact that M/s Greenply Industries, accounting for 33% of total domestic production, commanded a major proportion of the domestic production of the subject goods and alongwith the supporters, i.e. M/s Rushil Décor Ltd. accounted for more than 50% of the domestic production, in order to make the injury analysis more representative the supporting domestic producer was asked to join the petition and provide its cost and injury related data. Therefore, there is no infirmity with regard to the composition of the domestic industry and the interests of the other parties have not been compromised in any manner. Accordingly, the Authority hold that M/s Greenply Industries and M/s Rushil Décor Ltd. constitute the domestic industry for the purpose of this investigation.

D. Countries Named, Volume of Imports and de minimis limits

20. The domestic industry in its petition provided the import data as sourced from a private data source i.e. M/s IBIS. Subsequently, the Authority obtained transaction-wise import data from DGCI&S. This data has been analysed for determination of volume and import price of the subject goods from various sources. As per this data, apart from the subject countries, the import from Malaysia, Sri Lanka and New Zealand are above *de minimis*. However, the Authority notes that duties are in force against China PR, Malaysia, Thailand and Sri Lanka. Only other countries having above *de minimis* exports are Indonesia (14.8%), Vietnam (41.0%) and New Zealand (11.4%).
21. The opposing interested parties, in their various submissions, including their post disclosure comments, have raised the issue of exclusion of New Zealand from the scope of investigation despite significant imports from that country. The petitioners have submitted that the export of MDF from New Zealand, though above *de minimis*, are of a different type, used for different end use segments not catered to by the products manufactured by the domestic industry and therefore, not affecting them. Hence the petition did not include New Zealand for investigation. The petitioners have further clarified that in the previous investigation, initially New Zealand was included in the investigation along with other countries but in the final findings the investigation

against this country was dropped on the request of the domestic industry on similar grounds. The Authority notes that the Final findings dated 26th August, 2009 addressed the issue as under:

“The Authority has noted that the domestic industry has withdrawn their application in respect of New Zealand in view of the fact that imports from that country were primarily present in a market segment where the domestic industry was not offering the material in significant volumes. The Authority has noted that the domestic industry has admitted that imports from New Zealand were not causing injury to them while earlier they have argued that imports from New Zealand were also causing injury. M/s. APJ SLG Law Offices have failed to produce any evidence that injury was not caused by the imports from the subject countries. The Authority accordingly allows withdrawal of application in respect of New Zealand under Rule 14 of the Rules and after exclusion of New Zealand, restrict Anti-Dumping Investigations concerning imports of Plain Medium Density Fibre Board from 6MM thickness and above (hereinafter referred to as subject goods) from China PR, Malaysia, Thailand and Sri Lanka...”.

22. The price level of imports from New Zealand, as per the data analyzed above, is about 5 to 10% higher than the prices from Indonesia and Vietnam respectively. The domestic industry has not brought any allegation of dumping against this country. Therefore, the Authority does not find any force in the arguments of the opposing interested parties with regards to exclusion of New Zealand from this investigation.

E. Interested parties to this investigation

23. On the basis of questionnaire responses and other submissions filed by the responding producers/exporters and importers listed in sub para vii in para-3 above, alongwith the Govt.s of the Countries named in this investigation and the domestic industry in India have been treated as interested parties to this investigation.

F. Other issues raised by the interested parties

F.1. Confidentiality

24. With regard to the confidentiality claims of the domestic industry, the opposing interested parties, in their submissions, have argued

- i. That excessive confidentiality has been claimed by the petitioners and original/raw transaction wise imports data obtained from IBIS has not been furnished. The soft copy in excel file of transaction wise sorted import data,

raw/original import data and list of excluded transactions from IBIS has not been provided.

- ii. That company wise capacity, production, sales volume, market share of domestic industry and other producers have been kept confidential.
- iii. That item wise details of constructed normal value as well as normal value have been kept confidential.
- iv. That the petitioners have not provided any evidence of the adjustments claimed.
- v. That the profit/loss and ROCE in percentage terms and inventory has been kept confidential.

25. The domestic industry, in its submissions, has argued

- i. That the domestic industry has claimed only such information as confidential which is protected as such under the law.
- ii. As regards IBIS data's confidentiality, there is no such requirement under any law or in the prescribed format. The data received by the petitioners is not a raw/original data but a processed data.
- iii. The company wise details' disclosure is not a prescribed requirement. Individual company specific information is a part of intermediate information which is required by the authority only for the purpose of verification of information which is the domain of the authority rather than the interested parties.
- iv. The item wise details of constructed normal value and normal value are confidential and cannot be shared.
- v. The details of adjustments are also confidential and cannot be shared. Further the petitioner has adopted reasonable estimates for some of the expenses, the details of which were readily available in the petition.

26. The issues raised by the interested parties with regards to confidentiality have been examined. The Authority notes that to the extent possible and practicable the confidentiality claims of various parties submitting the information have been examined and confidentiality claims admitted on the basis of nature of information provided by

the parties. As far as the submissions of the exporters are concerned, the information provided by the exporters, to the extent they are not business sensitive to the party providing the same, have been placed in the public file. In view of the above the objections of all parties with respect to confidentiality claims of the opposing parties have been disposed off.

F.2. Other Issues raised by the parties

27. The opposing interested parties, in their submissions, have raised the following issues with regard to this investigation:

- i. That the petitioners have provided misleading information with regard to the import volumes as incorrect weight has been considered for showing higher imports. For example, domestic industry has considered 650 kg/m³ for 6mm MDF, but the actual weight is in excess of 700 kg/m³.
- ii. That the correctness of sorted imported data cannot be verified as a proper copy or original as well as sorted data has not been furnished.
- iii. The infirmities and delays in filing information from the side of the petitioners have vitiated the rights of opposing parties to offer appropriate and adequate rebuttals at the appropriate time.

28. The domestic industry, in its submissions, has refuted the arguments of the interested parties and has inter alia, submitted:

- i. That the domestic industry has provided information with regard to volume and value of imports and source of information has also been provided to the Designated Authority after best possible identification of imports product under consideration and there is complete disclosure of the transactions which have been included by the petitioners for assessment of volume and value of imports.
- ii. That any consideration of higher weight shall only lead to lower import price. In any case the difference is not so significant as to cause a significant difference in the conclusion.
- iii. That it is the prerogative of the authority and not the interested parties to verify the sorted import data.

- iv. That relevant information was filed within reasonable time of the Designated Authority requiring the same.

29. The Authority notes the issues raised by the parties as above. The major producers/exporters of the subject goods in the subject countries have provided substantive information on the volume and value of exports from those countries. The Authority has also obtained transaction-wise import data from DGCI&S which has been analyzed along with the data submitted by the co-operative exporters from the subject countries taking into account the physical parameters provided therein. Therefore, the issues raised by the parties have been adequately addressed.

30. All other issues raised by the interested parties have been addressed in the respective sections in this finding to the extent they are relevant and supported by evidence.

G. Assessment of dumping and dumping margin determination

31. The Authority notes that the following producers and exporters of the subject goods from the subject countries have filed their questionnaire responses providing information for determination of their normal values, export prices and dumping margins:

Vietnam

- a) Kim Tin MDF Joint Stock Company, Vietnam along with M/s Kim Tin Trading Co. Ltd, Vietnam
- b) M/s VRG Dongwha MDF Joint Stock Company, Vietnam
- c) M/s MDF VRG Quang Tri Wood Joint Stock Company, Vietnam

Indonesia

- d) M/s PT Hijau Lestari Raya Fibreboard (PTH), Indonesia
- e) PT Sumatera Prima Fiberboard, Indonesia

32. The domestic industry, in its comments on the exporter questionnaire responses filed by the producers/exporters, has made the following submissions with regard to certain aspects of costs and prices reported by the responding exporters:

- a. That as per information gathered by them in respect of VRG Dongwha MDF Joint Stock company, Vietnam, the company has significantly increased its business operation in last three years up to the POI and about 15% of the company's

operations are in export market, which shows significant export orientation of the company.

- b. That profitability of the company increased tremendously over the period which could have been possible only because of government support to this industry. It is evident from the annual report that this company is selling the product under consideration at higher home market price as compared to the price at which goods have been exported to India.
- c. That by most conservative estimates, the ex-factory export price shall come to USD 200 per CBM. If exporters have earned 25% profits on sales, it implies that the exporters are claiming a cost of production of about USD 150-160 per CBM, or, alternatively, their export price to third countries or domestic prices are materially higher than their export price to India. Even if these exporters are getting good amount of government support or subsidies, they cannot have a cost of production as low as USD 150 per CBM. This implies that the exporters are selling the product under consideration at much higher price in the home market as compared to exports in India. It is thus evident that the exporters are resorting to heavy dumping.
- d. That though, the company is producing other products as well, the fact remains that PUC forms a very substantial part of these companies' operations. Thus, the mere fact that the annual report of the company pertains to various operations per se does not imply that the performance with regard to PUC shall be materially different from performance with regard to other products.
- e. That the calculations done by the petitioner shows that the company has incurred interest expenses of about 40 billion (local currency) on a borrowed fund of about 800 billion, which implies an interest cost of about 5%. This interest cost is far below the rate of interest prevalent in Indonesia. It is, thus evident that the exporter is getting some interest subsidy or has been given loans at significantly subsidized rates. The Authority may kindly investigate the facts further.
- f. That there is significant shareholder's equity in the company. Debt is only 0.60 times the equity, while, the current debt is only 0.37 times. The equity and long term debt is only 0.24 times the equity. This equity has come from the promoters. The Authority may kindly investigate whether the promoters have borrowed funds and advanced the same to the company as equity. If the equity participation by the promoters is out of borrowed funds, the Authority may kindly charge appropriate interest on such funds before determining cost of production.

- g. That the company is making its own glue. This fact does not appear to have been appropriately reported in questionnaire response. The Authority may kindly investigate.
- h. That the company is making high, medium and low density fiber board and both plain and laminated. Further, the company is operating in pine wood, plywood, rubber wood and other woods. Operations of these products were not very different in terms of resultant profitability. Therefore, the performance reported in annual report is clearly indicative of the performance of the PUC.
- i. That a number of exporters seem to have purchased raw material from related parties or have produced the same captively. Petitioner requests the authority to kindly check the valuation of these inputs.

33. Apart from the above the domestic industry has also pointed out certain deficiencies in the questionnaire responses of M/s PT Sumatera Prima Fibreboard, Indonesia on account of non-disclosure of incentive on export sale and channels of distribution and certain details about product description.

34. The responding producers/exporters and other interested parties, in their submissions have argued that Normal value, export price and dumping margin for the co-operating producers/exporter should be based on its actual cost/price data as submitted in their respective questionnaire responses.

35. The Authority notes that this being an antidumping investigation, subsidy, if any, by the Governments of the respective countries, is outside the scope of this investigation. As regard other issues it is noted that the questionnaire responses of the responding producers and exporters in the subject countries were examined and supplementary information were sought from these parties to the extent necessary. The information submitted by the above named producers and exporters were also verified to the extent possible through on spot verifications and issues raised by the parties as above have been examined to the extent relevant and feasible during the course of the investigation. The Normal Values, Export Prices and Dumping Margins of these producers/Exporters have been determined on the basis of the verified data/information.

36. Some of the producers/exporters participating in this investigation have submitted that though the Authority has not notified the Product Code Numbers for like to like comparison for determination of dumping and injury margins the comparisons should be carried out based on their individual product codes and such comparisons should

be limited to the product types exported to India for the purpose of dumping margin determination. In this connection the Authority noted in the disclosure statement that the product is manufactured and sold in standard sizes but in various thicknesses. The emission standards, i.e., residual Formaldehyde content, are defined by the customers. During the verification of various producers in various countries the producers stated that there is certain cost variation between different thicknesses but such variation could not be demonstrated as none of the producers, including the domestic industry, maintain cost data thickness or product type-wise and only average cost of production is maintained. Therefore, conducting an OCT test for few product types on the basis of average cost of the product as a whole, which also includes excluded product types, may not be appropriate. The Authority further noted that there is no clear price trend which could indicate product type-wise price variation requiring type to type comparison. In fact examination of the data of the cooperating exporters indicates wide and random variation in prices between thicknesses/product types without any clear pattern or trend to correlate with product type differentiation. Therefore, majority of the other producers in the subject countries have not claimed determination of dumping margin on the basis of product type based comparison. In view of the above the Authority was of the view that weighted average to weighted average comparison method for the product as whole is more appropriate in the factual matrix of this case. Accordingly, the Authority proposed to determine the normal value and dumping margin for the product as a whole and not by limiting the comparison to exact product types only. It was also observed that the domestic sales of the cooperating exporters involved certain very low priced transactions indicating sale of off-spec/seconds materials sold in the domestic market. It was mentioned in the disclosure statement that those off-spec materials were proposed to be taken out of the domestic sales for the purpose of determination of normal value.

37. While the other producers/exporters from Vietnam and Indonesia have not opposed the above methodology proposed by the Authority, M/s VRG Dongwha, in its post disclosure submissions has argued that PCN to PCN comparison is the standard methodology to give effect to the provisions of Para 6 of Annexure I of the Anti-Dumping Rules and Article 2.4 of the Anti-Dumping Agreement for "apple to apple" comparison. It has been argued that PCN to PCN methodology is adopted in all cases where there are different grades, types or models within the same Product under Consideration. The PCNs take into consideration the differences on account of various attributes which affect price comparability including differences in physical characteristics, etc. For example, if the exporter sells 18mm thickness in the export market, the price has to be necessarily compared only with the price of 18mm MDF sold in the domestic market. The thickness-wise comparison has to be further divided on the basis of emission level as both these factors affect price comparability. It has

been argued that the PCN to PCN comparison is done in all cases where different grades/types/models are sold. Therefore, the proposed methodology completely disregards the provisions of Para 6 and Article 2.4.

38. It has been further submitted that it is the right of the exporter to claim PCN to PCN comparison as was held by the Appellate Body in the case of Argentina Ceramic Tiles case, where it was noted that:

“Article 2.4 places the obligation on the investigating authority to make due allowance, in each case on its merits, for differences which affect price comparability, including differences in physical characteristics. The last sentence of Article 2.4 provides that the authorities shall indicate to the parties in question what information is necessary to ensure a fair comparison. We believe that the requirement to make due allowance for such differences, in each case on its merits, means at a minimum that the authority has to evaluate identified differences in physical characteristics to see whether an adjustment is required to maintain price comparability and to ensure a fair comparison between normal value and export price under Article 2.4 of the AD Agreement, and to adjust where necessary.

...We do not agree with Argentina’s view that Article 2.4, through the qualifying language that due allowance shall be made ‘in each case’ ‘on its merits’, permits an investigating authority to adjust only for the most important of the physical differences that affect price comparability, even if making the remaining adjustments would have been, as the parties agree, complex. The DCD chose not to conduct a model-by-model comparison and it was then left to find other means to account for the remaining physical differences affecting price comparability. It did not do so. (paras 6.113 & 6.116)”.

39. Further it has been argued that in *Egypt — Steel Rebar* case the Panel read Article 2.4 as explicitly requiring a fact-based, case-by-case analysis of differences that affect price comparability which read as follows:

“[W]e read Article 2.4 as explicitly requiring a fact-based, case-by-case analysis of differences that affect price comparability. In this regard, we take note in particular of the requirement in Article 2.4 that ‘[d]ue allowance shall be made in each case, on its merits, for differences which affect price comparability’ (emphasis added). We note as well that in addition to an illustrative list of possible such differences, Article 2.4 also requires allowances for ‘any other differences which are also demonstrated to affect price comparability’ (emphasis added). Finally, we note the affirmative information-gathering burden on the investigating authority in this context, that it ‘shall indicate to the parties in

question what information is necessary to ensure a fair comparison and shall not impose an unreasonable burden of proof on those parties' (emphasis added). In short, where it is demonstrated by one or another party in a particular case, or by the data itself that a given difference affects price comparability, an adjustment must be made. In identifying to the parties the data that it considers would be necessary to make such a demonstration, the investigating authority is not to impose an unreasonable burden of proof on the parties. Thus, the process of determining what kind or types of adjustments need to be made to one or both sides of the dumping margin equation to ensure a fair comparison, is something of a dialogue between interested parties and the investigating authority, and must be done on a case by- case basis, grounded in factual evidence." (para 7.352)"

40. It has been further argued by this exporter that they have sold 44 PCNs in the domestic market while in India only 19 PCNs have been sold. The product-mix is entirely different. Moreover, there is significant variation in the quantities sold in the domestic and India market for a particular PCN. In such case, any comparison, not recognizing the PCN-wise comparison, will certainly give incorrect and skewed results.
41. The Domestic Industry, on the other hand has submitted that the Authority has rightly resorted to weighted average to weighted average comparison method for the product as a whole, which is more appropriate in the present case.
42. Dongwha, in its post disclosure submissions, has further argued that removal of off-spec material on the ground that the prices are lower is wholly arbitrary and without the authority of law. The only test that can be applied while accepting the individual transactions is the OCT test. If the OCT test is passed, the removal of low priced transactions would only lead to increase the normal value and the resultant dumping margin. It has been argued that there is no provision to ignore the off-spec material transactions as long as they are sold as MDF.
43. The issues raised by the interested parties with regard to the methodology adopted for determination of the dumping margins have been examined by the Authority. As regards the issue of comparison methodology adopted is concerned, the Authority notes that Article 2.4.2 of the Anti-Dumping Agreement, read with Annexure-I of the Antidumping Rules, provides that

"Subject to the provisions governing fair comparison in paragraph 4, the existence of margins of dumping during the investigation phase shall normally be established on the basis of a comparison of a weighted average normal value with a weighted average of prices of all comparable export transactions or by a comparison of normal value and export prices on a transaction-to-transaction basis. A normal value established on a

weighted average basis may be compared to prices of individual export transactions if the authorities find a pattern of export prices which differ significantly among different purchasers, regions or time periods, and if an explanation is provided as to why such differences cannot be taken into account appropriately by the use of a weighted average-to-weighted average or transaction-to-transaction comparison.”

44. While the Authority notes that a ‘model to model’ or ‘apple to apple’ comparison methodology is the preferred methodology, provided the product can be clearly categorised into distinct models or product types having distinct physical and/or chemical differences having bearing on cost and prices thereby affecting price comparability. However, in the instant case that does not appear to be the case.
45. The subject goods are manufactured in different thicknesses and the cost of production increases as the thickness decreases because of higher wastages and more machine time required for manufacture of lower thicknesses. Though the product is sold in various thicknesses the cost is not captured or maintained by the producers on the basis of the thicknesses. None of the producers have maintained the costs thickness-wise or the product code-wise, even if they have product codification systems. On the price front also it was observed that the pricing of various thicknesses is random and does not follow any pattern though lower thicknesses should be fetching higher prices because of higher cost involved. Even within the same thicknesses there are wide variations in prices without any definite pattern or trend to indicate that the thickness or other characteristics claimed by the exporter actually affects the price comparability. The prices in the domestic market as well as the export market of all producers in the subject countries indicate that the prices do not follow any particular pattern based on the thickness or the emission standards to substantiate that the prices are affected by the differences in thicknesses or emission standards to recognise them as distinct models or product types. In fact, the WTO decisions quoted above lay stress on the ‘differences that affect price comparability needs to be demonstrated’ by the party claiming such comparison.
46. Therefore, in a situation like this, where the prices do not appear to have been affected by the product differentiation, as claimed by the exporter, there is no case for a product type based comparison. In fact, the producers are treating the product as a very standard and uniform product. That is precisely the reason as to why PCN-wise analysis, by limiting the comparison only to comparable product types, where distinct PCNs do not exist, has not been found appropriate in the factual matrix of this case. Accordingly, the Authority confirms the methodology adopted in the disclosure statement and proceeds with weighted average to weighted average comparison of the Normal value and Export price for all cooperating exporters from the subject countries.

47. As regards the issue of off-spec materials are concerned, the Authority noted that during the production process certain quantities of defective or second grade products are generated which are sold at very low prices. Some of the producers in the subject countries have clearly identified such products as off-spec. This responding producer/exporters should have identified those transactions in the response filed by it. Though Dongwha has also sold certain quantities of such material in the domestic market at prices, even below 50% of its cost, which clearly establishes that these are off-spec material the Company has failed to identify them as off-spec product. The Authority notes that nowhere the off-spec/mill rejects or seconds are compared with the prime materials. Inclusion of such sales in determination of normal value distorts the determination as they are not comparable transactions. Therefore, such transactions, involving very low price sales are required to be removed from the domestic sales transactions for the purpose of determination of normal values.
48. However certain corrections in the determinations, as pointed out by the producers/exporters in respect of their own data have been carried out, to the extent they were found correct and the determinations have been revised to that extent.
49. Domestic Industry, in its disclosure comments has argued that the Authority should disclose verification reports of the exporters. It has been argued that disclosure of the verification reports is important because firstly the present quantum of anti-dumping duty is inadequate. Secondly, exporters have not responded to the issues with regard to existence of dumping margin and thirdly, because claims of low dumping by exporters is suspicious and needs to be examined in detail. In this regard, the Authority notes that the verification report is a confidential document prepared by the Authority and contains business proprietary information's of the exporters. Therefore, as a consistent practice, it is never shared with other parties. The issues raised by the domestic industry with regard to the cost and price issues of the exporters have been adequately examined during the spot verification and have been addressed in the finding. Therefore, the arguments of the domestic industry in this regard stand disposed off.

G.1 Determination of Normal Values, Export Prices and Dumping Margins

Vietnam

50. As per the import data analyzed 45,386 CBMs of the subject goods have been imported from Vietnam during the period under investigation. Three producing exporters from Vietnam have filed complete questionnaire responses and the

information submitted by them have also been verified to the extent possible. Accordingly, dumping margins for the producers/exporters from Vietnam have been determined as follows:

a) M/s Kim Tin MDF Joint Stock Company (Producing Exporter) along with M/s Kim Tin Trading Co. Ltd. (Exporter)

51. M/s KIM TIN MDF Joint Stock Company (JSC), a producer as well as exporter of the subject goods, has filed a questionnaire response along with its related trading company M/s KIM TIN Trading Co., Ltd. (KTT) as the exporter of the subject goods manufactured by the former, to India during the POI. JSC is the producer of the goods and sells goods to its Trading arm KTT which in turn sells the goods in the domestic market and also exports, mainly to India. JSC also directly sold a very small quantity in the domestic market to one of its actual user affiliates and also exported some quantities directly to India during the POI. Supplementary information was sought from these two Companies wherever required and the same has been provided. The data submitted by this producer-exporter combination was verified through an on-sight verification to the extent possible and the verified data has been used for this determination.

Normal Value

52. During the POI JSC sold [***] CBM of the subject goods in domestic market through KIM TIN Trading out of which [***] CBM were sold to independent unrelated customers and the rest i.e., [***] CBM were sold to its related company KIM TIN Green Wood JSC, a manufacturer of furniture. In addition, JSC also sold [***] CBMs to KIM TIN Green Wood JSC directly during the POI. [***] % of the domestic transactions of JSC-KTT were to independent domestic buyers. The domestic sales are in sufficient volumes. The company produced and sold the subject goods in various thicknesses and emission standards. However, the company maintains the cost of production of the product as a whole. Average cost of productions of the producer and the SGA expenses of the trading company was determined based on the verified cost data and additional information called for from the producer as US\$[***] / CBM.

53. Since the first transaction between JSC and KTT are related party transactions for the purpose of determination of the normal value the selling price of KTT to independent buyers has been considered. Small quantity of off-spec material supplied in the domestic market has been removed and the remaining domestic sales transactions of KTT were subjected to ordinary course of trade test. The producing exporters, in its post disclosure comments have pointed out certain errors in the OCT test with regard

to the treatment of notional transportation cost. The issue raised has been examined and considered for the final determination. Since the prices of KTT are delivered prices ordinary course trade test has been conducted on these domestic sale transactions on the basis of verified average cost of sales of the subject goods by KTT after adding the SGA expenses of KTT to the cost of production of JSC. [***] % of domestic sales are found to be profitable. Accordingly, all domestic sales transactions of KTT have been considered for determination of normal value of this producer and exporter combination. The domestic transactions to independent buyers are on delivered basis. The exporter has claimed adjustment on account of inland transportation on notional basis as transportation has been carried out by the trading Company using its own trucks and this expense is not reflected in the books of account of the producer. Therefore, this adjustment has not been admitted. In its post disclosure comments the producing exporter has re-iterated its claim for adjustment towards inland freight on the ground that the related trading company has transported the goods using its own trucks and therefore, the notional adjustment as claimed should be allowed. However, the Authority does not find any merit in this argument as neither the producer nor the exporter has made any claim based on actual expense incurred on this account. No other expense has been claimed by the exporter on the domestic selling price of the trading Company. Accordingly, the weighted average normal value for the above producers/exporters works out as under:

		Exch. Rate	21036
Profitable sales CBM	Sum of NET Invoice value VAT excluded	Ex-factory Price VND/CBM	Ex-factory NV US\$/CBM
***	***	***	***

Export Price

54. M/s Kim Tin JSC had exported [***] CBMs of the subject goods produced by it directly and [***] CBMs through the related trading company namely KIM TIN Trading Co., Ltd. The direct exports did not have any involvement of KIM TIN Trading Co., Ltd, except for transportation services for which payment has been made. However, all the exports by KIM TIN Trading Co., Ltd were that of subject goods produced by KIM TIN JSC. Exports sales to India by both these related companies are independent to each other.
55. The export sales of Kim Tim JSC and are on CFR/FOB/CNF basis and are on TT or LC at sight terms. For direct sales no commission has been paid and there is no difference in packing condition of domestic and export sales. The Company has provided information on expenses towards inland transportation and Ocean Freight,

Port handling charges, credit expenses and bank charges, wherever applicable for adjustment to arrive at ex- factory export price.

56. As far as export sales of KIM TIN Trading Co is concerned, they are also on FOB/CNF basis and are on TT/ LC/LC at sight terms. The Company has provided information on expenses towards inland transportation and Ocean Freight, Port handling charges and bank charges, and credit expenses, wherever applicable for adjustment to arrive at ex- factory export price.

57. In its post disclosure comments, this producing exporter has argued that they had claimed inland freight adjustment on notional basis in both domestic as well as export sales. Therefore, the Authority should disregard inland transportation cost for export transactions also to ensure parity in treatment of inland freight qua domestic selling price and export price. In this regard the Authority notes that while all domestic sales are through the trading Company the exports are partly direct and partly through the trading company, i.e. KTT, for which JSC has paid for the transport cost up to the port to KTT. This actual payment made in case of exports sales transactions have been adjusted from the export price and therefore, there is no disparity in the determination methodology, as has been argued.

58. Accordingly, the export prices of this producer- exporter combination have been determined as follows:

	Sum of Quantity CBM	Sum of Net Value US\$	Weighted average EP US\$/CBM
KIM TIM JSC	***	***	***
KIM TIM Trading	***	***	***

Dumping Margin

59. The weighted average Normal Value, so determined has been compared with the weighted average net export prices at the same level to arrive at the dumping margins as follows:

Exporter	Weighted average Normal Value US\$/CBM	Weighted average Export price US\$/CBM	DM US\$/CBM	DM %
KIM TIM JSC	***	***	***	0-10%
KIM TIM Trading	***	***	***	0-10%

(b) M/s. VRG Dongwha MDF Joint Stock Company, Vietnam

60. M/s. VRG Dongwha MDF Joint Stock Company, a Joint stock company between Dongwha Vina Co. Ltd., Hong Kong, Dongwha Hong Kong International Ltd and Vietnam Rubber Group (VRG), has filed its questionnaire response in this case. On the basis of the questionnaire response filed, the Company was asked to provide additional information, which was submitted. The company has a modern and automated plant which went into commercial production in May 2012 only with an annual capacity of [***] CBMs. During the POI the Company sold [***] CBMs of the subject goods out of which [***] CBMs were sold in the domestic market and [***] CBMs were exported to India. A small quantity of [***] CBMs was also exported to other countries. The company directly sells the goods in the domestic as well as export markets. The data submitted by this producing exporter was verified through an on-spot verification to the extent possible. Accordingly, normal value and export price of this producing exporter has been determined based on the verified data as follows:

Normal Value

61. It was noted that the Company sold total quantity of [***] CBMs of the subject goods in the domestic market during the POI covering various thicknesses. On the basis of the thicknesses and the emission standards the producing exporter has defined its product into different product types and [***] product types have been sold in the domestic market whereas [***] product types were exported to India. The exporter has argued that for the purpose of fair comparison the domestic sales transactions of the [***] product types exported to India only should be considered and Normal value should be determined based on those sales transactions only. However, as noted earlier the Authority finds weighted average to weighted average comparison method more appropriate in this case.

62. Average cost of production of the subject goods manufactured by the producing exporter was determined based on the verified cost data and additional information called for from the producer as US\$[***] / CBM. Small quantity of off-spec material sold in the domestic market at very low price has been removed and remaining domestic sales transactions were subjected to OCT test on the basis of the verified average cost of production as maintained by the company for the product as a whole. It was noted that [***] % of the domestic sales are profitable sales. Therefore, for the purpose of determination of normal value all domestic sales, except the off-spec material sold at very low prices, have been considered for determination of normal value.

63. The domestic sales are to unaffiliated end users as well as local distributors/traders on door delivery basis and on various payment terms. Accordingly, the producer/exporter has claimed adjustments on account of domestic transportation, credit cost where credit period is involved and bank charges wherever, the payment is negotiated through the bank. Since there is no difference in packing for the domestic sales and export sales no packing cost adjustment is applicable. Accordingly, average ex-works normal value for this producing exporter works out as under:

Domestic sales Quantity CBM	Sum of Net Invoice Value US\$	Sum of Net Value Realised US\$	Weighted Average NV US\$/CBM
***	***	***	***

Export Price

64. During the POI the Company sold [***] CBMs of the subject goods to India against [***] transactions. The exports to India are to unaffiliated end users on FOB or CFR terms. The payment terms for exports to India were L/C with usance period/Sight LCs/TT payments. For all sales made to India on CFR basis, the expenses upto the CFR stage have been borne by the exporter and all expenses post-CFR are borne by the importer. Similarly, in case of FOB sales, all expenses upto the FOB stage are borne by the exporter and remaining expenses by the importer. The company has provided details of the expenses for adjustments on account of Inland Freight, Overseas Transportation, Commission, Packing Charges, Credit Cost and Bank Charges for adjustment to arrive at weighted average ex works export price. In its post disclosure submissions, the exporter has submitted that the verified interest rate as provided by them should have been used for the adjustments to the export price. This has been accepted and the credit cost has been corrected accordingly. The exporter has also disputed the bank charges adjusted from the export price. In this connection it is noted that the total bank charges paid by the Company has been adjusted only against the transactions negotiated through the bank and not against all transactions.

65. Accordingly average ex-works export price of this producing exporter works out as follows:

Row Labels	Sum of Quantity	Sum of Net Invoice Value (US\$)	Sum of Revised Ex-Factory Value US\$	Weighted average EP US\$/CBM
Grand Total	***	***	***	***

Dumping Margin

66. The weighted average Normal Value, so determined has been compared with the weighted average net export price at the same level to arrive at the dumping margins as follows:

	US\$/CBM
Weighted Average NV	***
Weighted Average EP	***
Dumping Margin	***
DM %	5-15%

(c) MDF VRG Quang Tri Wood Joint Stock Company

67. M/s MDF VRG Quang Tri Wood Joint Stock Company, a wholly owned Government of Vietnam Company, has filed the questionnaire response as a producer and exporter of the subject goods. Majority shareholding in the company is owned by Vietnam Rubber Group (***%), a Govt of Vietnam Co. This company produces and sells the subject goods in the domestic market as well as in the export market and has filed a detailed questionnaire response. On the basis of the questionnaire response filed, this producing exporter was asked to provide additional information, which was submitted. The data submitted by them was also verified through an on-spot investigation carried out in Vietnam to the extent necessary and possible. Accordingly, normal value and export prices of this Company have been determined based on the verified data as follows:

Normal Value

68. The company sold [***] CBMs of the subject goods of various thicknesses and emission standards during the period of investigation against [***] transactions. The domestic sales are in sufficient volume. The sales are to unaffiliated traders and end users on ex-factory or delivered basis with payment terms as cash or credit of varying days. Average cost of production of the producer was determined based on the verified cost data and additional information called for from the producer as US\$[***] / CBM. The Authority notes that certain quantity of off-spec material has been sold in the domestic market. However, the exporter, in its post disclosure comments, has pointed out certain error in exclusion of off-spec material which has been taken into consideration and only those transactions identified as off-spec materials have been removed and remaining domestic sales transactions were subjected to ordinary course

of trade test against the above verified average cost of production as per the records of the Company. Only [***] % of the domestic sales were found to be profitable. Accordingly, only the profitable domestic sale transactions have been considered for determination of the normal value of this producing exporter. The company has provided the details of expenses towards discounts, inland transportation and credit cost on the domestic sales transactions, wherever applicable, for adjustment to the export price to arrive at ex-works export price. Accordingly, net weighted average ex-works normal value works out as under:

Row Labels	Sum of Quantity (cbm)	Sum of Adjusted Ex-Factory Value USD	Weighted average NV US\$/CBM
Profitable sales	***	***	***

Export Price

69. During the POI this producing exporter exported [***] CBMs of the subject goods to India against [***] transactions. The export transactions to India are to unrelated traders on FOB/CFR basis and TT/LC terms. The company has provided information for adjustment to export transactions on account of ocean freight, wherever applicable, inland freight, customs handling & clearance charges, credit cost, commission and bank charges for adjusting the export price to ex-works level. The responding exporter has pointed out certain difference in the Commission amount in determination of the export price which has been corrected. On the basis of this information net weighted average ex-works export price of this producing exporter works out as under:

Quantity (CBM)	Net Invoice Value	Ex-Factory Value Realised US\$	Net EP US\$/CBM
***	***	***	***

Dumping Margin

70. The weighted average Normal Value, so determined has been compared with the net weighted average export price at the same level to arrive at the dumping margins as follows:

		US\$/CBM
Weighted Average NV	US\$/CBM	***
Weighted Average EP	US\$/CBM	***

DM	US\$/CBM	***
DM	%	5-15%

(d) All Other exporters in Vietnam

71. For all other non-cooperating producers and exporters in Vietnam the normal value, export price and dumping margin have been determined on facts available basis taking into account the data of the cooperating exporter as follows:

Weighted Average NV	US\$/CBM	***
Weighted Average EP	US\$/CBM	***
DM	US\$/CBM	***
DM %		30-40%

Indonesia

(a) M/s PT Sumatera Prima Fibreboard, Indonesia

72. M/s PT Sumatera Prima Fibreboard, Indonesia is a major manufacturer of the MDF and HDF in Indonesia. The company is a private limited foreign invested company incorporated under the Company laws of Indonesia. Majority of the shares of the Company are held by two foreign investment companies. During the POI this producing exporter sold [***] CBMs of the subject goods out of which [***] CBMs were sold in the domestic market, [***] CBMs were exported to India and [***] CBMs were exported to other countries. This Company has filed its questionnaire response as a producing exporter of the subject goods in Indonesia. Supplementary information was sought from this Companies wherever required and the same has been provided. The data submitted by this producing exporter was verified through an on-sight verification to the extent possible and the verified data has been used for this determination.

Normal Value

73. During the period of investigation, the Company sold [***] CBM of the subject goods of various thicknesses and emission standards in the domestic market and the sales were to unrelated customers (end users as well as re-sellers) in Indonesia. All sales in domestic market were sold on delivered basis except only [***] CBM which were sold at Ex-factory level. Average cost of production of the producer was determined based on the verified cost data and additional information called for from the producer as US\$[***] / CBM. The Company has not sold any off-spec material in the domestic

material. The domestic sales transactions were subjected to ordinary course of trade test against the above verified average cost of production as per the records of the Company. [***] % of the domestic sales were found to be profitable. Accordingly, all domestic sales transactions have been considered for determination of normal value. The Company does not incur any other expense except the transport cost in the domestic sales. The sales are on cash basis with *** day's credit for which the Company has claimed credit cost adjustment. There is no difference in packing condition between domestic and export sales. Accordingly, average ex-works normal value for this producing exporter has been determined as follows:

Sum of profitable sales CBM	Sum of Net Invoice Value in IDR	Sum of Net Ex-works Value IDR	Ex-Works Price IDR/CBM	Weighted average NV US\$/CBM
***	***	***	***	***

Export Price

74. During the POI the Company exported [***] CBMs of the subject goods of various thicknesses and emission standards to India. Out of this [***] CBMs were exported by them directly and rest was exported through 2 Singapore based trading Companies. [***] CBMs were exported through M/s Naolin Enterprise Pte Ltd., Singapore and [***] CBMs were exported through M/s Itochu Singapore Pte Ltd., Singapore. These two Companies have filed their sales details with the Authority.

75. The export sales to India are to both end users and resellers and on CFR/CNF basis with payment terms as Sight LC/TT with *** day's credit. The company has provided information for adjustments towards inland transportation, ocean freight, Commission and bank charges. Accordingly, net weighted average ex-works export price of this producing exporter has been determined as follows:

Sum of Quantity	Sum of Net Invoice Value US\$	Sum of Total Adjustment US\$	Sum of Net Value US\$	Weighted average EP US\$/CBM
***	***	***	***	***

Dumping Margin

76. The weighted average Normal Value, so determined has been compared with the weighted average net export price at the same level to arrive at the dumping margins as follows:

Weighted average NV	US\$/CBM	***
Weighted average EP	US\$/CBM	***
Dumping Margin	US\$/CBM	***
Dumping Margin %		20-30%

77. In its post disclosure submissions this exporter has argued that their credit period in domestic sales should have been taken as *** days and in case of export sales credit period should have been taken as *** days. In this connection it is noted that the credit period adjustments are based on verified data as already communicated in the verification report. As regards certain post sales claim expenses as submitted by them during the verification the Authority notes that these claims were not a part of their original claims and were presented during the verification only which could not be verified. Therefore, this claim has not been accepted. Accordingly, the Authority confirms the above determination.

(b) PT Hijau Lestari Raya Fibreboard

78. PT Hijau Lestari Raya Fibreboard is a foreign invested joint venture between M/s Evergreen Fibreboard Berhad from Malaysia and PT Hutrindo Jaya Fibreboard Mfg. Co. & PT Uforin Prajen Adhesive Industry from Indonesia and incorporated as a private limited company in Indonesia. Evergreen is a major producer of MDF in Malaysia and has related companies namely M/s Evergreen Fibreboard (Nilai) Sdn Bhd, Malaysia and M/s Siam Fibreboard Company Limited, Thailand, who also produce and export the subject goods from the respective countries. Exports of this Company from those countries are already attracting antidumping duty.

79. This producing exporter sold [***] CBMs of subject goods in the POI out of which [***] CBMs were sold in the domestic market, [***] CBMs was exported to India and [***] CBMs was exported to other countries. Supplementary information was sought from this Companies wherever required and the same has been provided. The data submitted by this producing exporter was verified through an on-sight verification to the extent possible and the verified data has been used for this determination.

Normal Value

80. The company had sold [***] CBM s of the subject goods of various thicknesses and emission standards against [***] transactions in the period of investigation to unrelated customers in the domestic market. All sales are to the domestic traders/resellers on delivered basis and the payment terms are either on TT (advance payment) or TT with *** days credit. Average cost of production of the producer was determined based on

the verified cost data and additional information called for from the producer as US\$[***] / CBM. In its post disclosure submissions this exporter has pointed out certain errors in exclusion of the off-spec material sold in the domestic market. The exporter has already identified the off-spec material in the appendix-1 itself. Therefore, only those transactions have been removed and the remaining domestic sales transactions were subjected to ordinary course of trade test against the above verified average cost of production as per the records of the Company [***] % of the domestic sales were found to be profitable. Accordingly, all domestic sales, except the off-spec sales, have been considered for determination of normal value for this producing exporter. The Company has provided details of direct selling expenses towards transportation expenses, credit costs and marketing fee paid to M/s Evergreen, Malaysia for providing logistic and marketing services to the producing exporter. Accordingly, net average ex-works normal value has been determined as follows:

Profitable sales Quantity (M3)	Sum of Adjusted Ex-factory Normal Value (USD)	Weighted average NV US\$/CBM
***	***	***

Export Price

81. This producing exporter has exported [***] CBMs of the subject goods of various thicknesses and emission standards to India against [***] transactions. The export sales to India are to end users as well as resellers in India on CFR basis and the terms of payment are either LC or TT with different credit period. The exporter had provided information for adjustment for ocean freight, bank charges, Commission and bank charges, customs handling, clearance and local transportation cost and credit cost based on number of days of credit. During the verification, it was also noticed that the packing used for exports to India and for the domestic market is different. The details indicating the cost of differential packing for exports was also provided by the producing exporter. Accordingly, average net ex-works export price of this producing exporter has been determined as follows:

Sum of Quantity	Sum of Net Invoice Value (USD) VAT Excluded	Sum of Ex-factory Export Price (USD)	Net EP US\$/CBM
***	***	***	***

Dumping Margin

82. The weighted average Normal Value, so determined has been compared with the weighted average net export price at the same level to arrive at the dumping margins as follows:

Weighted Average NV	US\$/CBM	***
Weighted Average EP	US\$/CBM	***
DM	US\$/CBM	***
DM %		5-15%

(c) All other producers/exporters in Indonesia

83. For all other non-cooperating producers and exporters in Vietnam the normal value, export price and dumping margin have been determined on facts available basis taking into account the data of the cooperating exporter as follows:

Weighted Average NV	US\$/CBM	***
Weighted Average EP	US\$/CBM	***
DM	US\$/CBM	***
DM %		60-70%

Dumping Margin Table

84. Based on the above determination the dumping margins of the producers and exporters from the subject countries work out as follows:

Country/Producer	Exporter	Normal Value (US\$)	Net Export Price (US\$)	Dumping Margin (US\$)	Dumping Margin %	Dumping Margin % Range
Vietnam						
M/s Kim Tin MDF Joint Stock Company	M/s Kim Tin MDF Joint Stock Company	***	***	***	***	0-10%

		M/s Kim Tin Trading Co. Ltd.	***	***	***	***	0-10%
M/s. Dongwha Joint Company, Vietnam	VRG MDF Stock	M/s. VRG Dongwha MDF Joint Stock Company, Vietnam	***	***	***	***	5-15%
MDF Quang Tri Joint Company	VRG Wood Stock	MDF VRG Quang Tri Wood Joint Stock Company	***	***	***	***	5-15%
Any other than above			***	***	***	***	40-50%
Indonesia							
M/s PT Sumatera Prima Fibreboard, Indonesia		M/s PT Sumatera Prima Fibreboard, Indonesia	***	***	***	***	25-35%
PT Hijau Lestari Raya Fibreboard		PT Hijau Lestari Raya Fibreboard	***	***	***	***	5-15%
Any other than above			***	***	***	***	55-65%

85. The dumping margins determined as above are above *de minimis* level and significant except for M/s M/s Kim Tin MDF Joint Stock Company where the dumping margin has been found to be *de minimis*.

H. Determination of Injury to the Domestic Industry

H.1 Cumulative assessment of Injury

86. Annexure II (iii) of the Anti-Dumping Rules provides that in case of imports of a product from more than one country being simultaneously subjected to anti-dumping

investigations, the Designated Authority will cumulatively assess the effect of such imports, if it determines that:

(a) The margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the imports of the like article or where the export of the individual countries is less than three percent, the imports cumulatively accounts for more than seven percent of the imports of like article, and;

(b) 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.

87. The domestic industry, in its submissions, has argued that exporters from more than one country are dumping the subject goods in the Indian market and margins of dumping from each of the subject countries are more than the limits prescribed above. Quantum of imports from each of the above countries is more than *de-minimis* limits. Therefore, cumulative assessment of the effects of imports is appropriate since the exports from the subject countries directly compete with the like goods offered by the domestic industry in the Indian market. No other interested party has made any submission regarding the cumulative assessment of injury.

88. The Authority notes that this investigation has been initiated against alleged dumping of the subject goods from Vietnam and Indonesia. Determination of the margins of dumping in the previous section indicates that the margins of dumping for the subject goods from each of the countries mentioned herein above are more than the limits prescribed above. The volume of imports from each of the other subject countries is also more than the limits prescribed. CIF price range and the landed values at which the goods are being imported from the subject countries indicate a clear *inter se* competition between the imports from these sources in the Indian market. The imports from the subject countries are directly competing with the like goods offered by the domestic industry in the Indian market. Domestic producer and exporters from the subject countries are selling the like product to the same category of customers and both are competing in the same market. Both are being used by the consumers interchangeably. In view of the above position the Authority holds that cumulative assessment of the effects of imports is appropriate in this case and accordingly, cumulative assessment of the effects of dumped imports from all dumped sources has been carried out to examine the injury and causal links.

H.2 General issues raised by the parties to the investigation with regard to Injury and Causal Links

(a) Views of the opposing interested parties

89. The opposing interested parties, in their various submissions have disputed the injury claims of the domestic industry and have *inter alia* argued as follows:

- i. That there is no injury to the domestic industry as there is no increase in imports. The capacity utilization has increased during injury period. The market share of the applicant domestic industry has been affected due to *inter se* competition with other domestic producers. It has been argued that the decline in capacity and production is because of strategic decisions of the applicants and not due to dumped imports;
- ii. That there is no injury to domestic industry since Mangalam has become non-cooperative and there is no injury to Greenply on standalone basis;
- iii. That there is no price depression and suppression and the volume parameters show increase in sales. The injury related to profitability, cash flow and ROCE is due to the conscious decision of the applicants to increase production of non subject goods in the same plant,
- iv. That although notional excise duty benefit has been considered to demonstrate injury for one of the domestic producers, the injury analysis is required to be done based on actual numbers.
- v. That Greenply shows inflated picture of injury by claiming reduction of excise duty on notional basis from NSR and at the same time keeping the excise duty paid on raw material in cost. Therefore, excise duty benefit adjustments should be rejected as was done during previous sunset review investigation relating to the same product under consideration.
- vi. Any injury to Mangalam Timber is due to plant shut down for maintenance, increase in raw material prices, power and fuel and transportation costs, power supply issues, wood supply issues, and political unrest in Seemandhra and not due to alleged dumping from subject countries. The increase in cost is also due to other reasons.
- vii. The decline in production is due to serious slowdown in commercial sector as is evident from the annual report;

- viii. The selling price cannot be completely different from average of 100 to 121 (indexed) as shown in annual report. There is no price pressure on Greenply. There is substantial increase in sales realization of Greenply and market share of Indian industry by period of investigation.
- ix. The best estimates show increase in profitability of Greenply. The growth has been outstanding. Therefore, the profitability in proforma IV A is not a true reflection of the actual scenario.
- x. There is significant growth in sales revenue of Greenply in injury period except in 2013-14.
- xi. There is no injury on account of new plant of MDF at Chittoor district of Andhra Pradesh.
- xii. The annual report of Rushil shows significant profits contrary to injury submissions.
- xiii. The market share of Indian industry shows an increase from 63% in the base year to 72% in the POI, while total imports in India have declined from 37% to 28% during the same period.
- xiv. There is no causal link as imports from New Zealand are above *de minimis*, there is decline in demand, decline in productivity, there is no analysis of taking over of share of domestic industry by other domestic producers and decline in market share of imports and the increase in prices of domestic industry is more than increase in cost.

(b) Views of the Domestic Industry

90. The domestic industry, in its submission has *inter alia* argued:

- i. That the imports from the subject countries have increased substantially in absolute terms as well as in relation to total imports into the country, production and demand in India.
- ii. That the dumped imports are undercutting the prices of the domestic industry to a significant extent and also underselling the goods sold by the domestic industry.

- iii. Performance of the domestic industry first improved and then deteriorated in respect of production, sales and capacity utilization. Inventories have increased to a very significant extent and the domestic industry continues to suffer financial losses.
- iv. That one of the petitioner companies has exemption from excise duty. Since the company has exemption from payment of excise duty, selling price, profit/loss, cash profits, return on investment, price undercutting and injury margin should be determined after adjusting the same for the excise duty unpaid by the company. This is for the reason that the Designated Authority does entire determination without considering the excise duty. Further, the Designated Authority adds notional customs duty on the imports, regardless of whether or not the same was paid. Therefore, it would be not only necessary but also appropriate to reduce the excise duty payable for the present purpose.
- v. That merely because injury analysis is conducted on the basis of actual numbers does not imply that the excise duty benefit should be excluded. In fact, in all other investigations, the Authority excludes excise duty. If authority could exclude excise duty in those investigations and yet it is tantamount to adopting actual information, there is no justification to contend that exclusion of excise duty would tantamount to not adopting actual information.
- vi. That on standalone basis also Greenply suffers injury. It cannot be the case that if the performance of the domestic industry has been adverse on account of other factors, the same should be segregated and if the performance of domestic industry is better on account of some factors the same should not be segregated.
- vii. That the authority has been adding customs duty on CIF import price to determine landed price of imports- regardless of whether the imports were duty free or duty paid. There is quite a possibility that the imports were duty free. Yet, since the purpose of present investigation is to determine the injury to domestic industry in respect of dumping from subject countries, it is obvious that the Designated Authority is required to examine injury to the domestic industry for the product under consideration and in respect of domestic operations and after segregating effects of other factors- whether positive or negative.

- viii. That Mangalam is not a part of domestic industry anymore and therefore the analysis of the company performance is irrelevant at this stage. Further, the factors, such as input price increases, fall in the category of “whether the imports are preventing the price increases” and not in the category of “other factors” as is alleged by the interested parties.
- ix. That Greenply has commenced commercial production almost in the base year of this investigation and therefore, the increase in production is a consequence of new plant commencing production. The fact however is that the company had to curtail production of the product under consideration and divert the capacities to other product due to dumping of the subject goods into the Country.
- x. That with regard to the arguments of the interested parties that decline in production being due to serious slowdown it may be seen that increase in imports in such situations is aggravating the position. The issue of decline in demand and its impact on injury is by now well established in various investigations conducted by the authority;
- xi. That decline in losses of Greenply is a natural consequence as the company has commenced production almost in the base year of this investigation. Further, the profits due to excise duty need to be segregated in order to arrive at the performance of the domestic industry because of imports.
- xii. That as regards the new plant of MDF at Chittoor it is submitted that the plant is grossly underutilized. Further the inventories with Greenply have dramatically increased.
- xiii. That Rushil’s plant is grossly underutilized and inventories with the company have dramatically increased.
- xiv. That the situation of market share of the domestic industry reflects adverse impact of the dumped imports.
- xv. The injury to the domestic industry has not been caused by other factors.

(c) Post disclosure comments of the interested parties and examination thereof

91. The interested parties, in their post disclosure submissions, have essentially reiterated most of their arguments and have made some observations on the injury and

causal link examination as given in the disclosure statement. Those issues have been examined and addressed in this finding to the extent they are relevant and substantiated.

(i) Views of the opposing interested parties

92. In their post disclosure submissions, the interested parties have *inter alia* argued the following:

- That when the dumped prices, at positive price undercutting levels, have not been creating any price suppression or depression effect in the domestic market, dumped imports couldn't have made any adverse impact on the performance of the domestic industry and any injury on account of such imports is unimaginable and failure of causal link is very imminent. It has been further argued that the performance of the Domestic Industry has improved over the years as can be seen from the profitability situation alone.
- That injury is always analyzed on actual data and not on notional adjustments. Therefore, adjustment in the selling price on account of the notional figure of the excise duty benefit should not be considered for the purpose of analyzing injury. It has been further argued that this is legally not tenable as the basis of analysis is not affected whether it is a case of likelihood or actual injury.
- That the words used in the above Para (iv) of the Annexure II are 'natural and potential'. It indicates that the injury analysis is to be undertaken for the aforesaid injury factors in terms of their natural and potential decline in the injury investigation period as a result of alleged dumped imports from the subject countries but not otherwise.
- That there is no volume injury to the domestic industry as their sales, production, capacity, capacity utilization, market share all have increased significantly over the injury investigation period. With regard to price effect, it has been argued that the same is to be seen only on the basis of M/s Greenply, after including the excise benefit. It will indicate that there is no injury with regard to price factor.

(ii) Views of the Domestic industry

93. Without repeating the views of the domestic industry, its post disclosure submissions with regard to injury and causal links, have been summarised as follows:

- a. That the imports from the subject countries have increased substantially in absolute terms as well as in relation to total imports into the country, production and demand in India. The dumped imports are undercutting the prices of the

domestic industry to a significant extent and also underselling the goods sold by the domestic industry.

- b. That the performance of the domestic industry first improved and then deteriorated in respect of production, sales and capacity utilization. Inventories have increased to a very significant extent and the domestic industry continues to suffer financial losses.
- c. That since one of the petitioner companies has exemption from excise duty its selling price, profit/loss, cash profits, return on investment, price undercutting and injury margin should be determined after adjusting the same for the excise duty unpaid by the company. This is for the reason that the Designated Authority does entire determination without considering the excise duty. Further, the Designated Authority adds notional customs duty on the imports, regardless of whether or not the same was paid. Therefore, it would be not only necessary but also appropriate to reduce the excise duty payable for the present purpose.
- d. That merely because injury analysis is conducted on the basis of actual numbers does not imply that the excise duty exemption benefit should be excluded. In fact, in all other investigations, the Authority excludes excise duty. If authority could exclude excise duty in those investigations and yet it is tantamount to adopting actual information, there is no justification to contend that exclusion of excise duty would tantamount to not adopting actual information.
- e. That on standalone basis also M/s Greenply suffered injury. It cannot be the case that if the performance of the domestic industry has been adverse on account of other factors, the same should be segregated and if the performance of domestic industry is better on account of some factors the same should not be segregated.
- f. That the authority has been adding customs duty on CIF import price to determine landed price of imports- regardless of whether the imports were duty free or duty paid. There is quite a possibility that the imports were duty free. Yet, since the purpose of present investigation is to determine the injury to domestic industry in respect of dumping from subject countries, it is obvious that the Designated Authority is required to examine injury to the domestic industry for the product under consideration and in respect of domestic operations and after segregating effects of other factors- whether positive or negative.
- g. That M/s Mangalam is not a part of domestic industry anymore and therefore, the analysis of the company performance is irrelevant at this stage. Further, the

factors, such as input price increases, fall in the category of “whether the imports are preventing the price increases” and not in the category of “other factors” as is alleged by the interested parties.

- h. That the Non-Injurious price determined by the Authority is too low and grossly inadequate. There is no legal basis for exclusion of advertisement expenses as Annexure III does not provide for the same. Annexure III and principles of fair comparison in any case cannot be selectively applied while comparing landed price of imports and NIP of the domestic industry.
- i. That the Authority must consider actual raw material and utilities consumption in this case. When wood specifications itself are not standard, it's consumption cannot be compared either over the years or within the year. The prices also vary as per water/moisture content in the wood. The difference in consumption is a bona fide difference arising out of moisture content in the wood.
- j. That the Authority is required to determine actual cost of production and not a notional lower cost of production for determining the price which can be compared with the import price in order to assess the injury margin. The decline in capacity utilization even after production shifting is due to dumping and not other factors.
- k. That in a fresh case actual and potential impacts of dumped imports are required to be considered and therefore, examination of the authority in this regard are appropriate. The potential growth of the domestic industry in the scenario of lapse of excise duty exemption would be significantly negative.
- l. That in the present case a combination form of duty in US\$ term should be applied to serve the purpose for which anti-dumping is imposed and to not render the duty imposed a futile exercise. Such a form of duty shall address the intensified dumping and likely manipulation of prices by traders. Benchmark form of duty can easily be abused in India by resorting to over invoicing of the import prices. It has been argued that this form of duty is in vogue in certain jurisdictions where the duty is imposed as a combination of the import price determined (Landed value) as the bench mark + the margin of dumping or injury whichever is lower. Guidelines in such jurisdictions indicates that a combination duty is suitable in case where there is a likelihood of price manipulation because of complex related party company structures or a proven case of price manipulation. The domestic industry argues that this form of duty is appropriate in the present case.

(d) Examination of issues by the Authority

94. The Authority has taken note of various submissions of the interested parties on the injury and causal link claims of the domestic industry. The information submitted by the domestic industry and other interested parties have been examined with regard to the relevant provisions of the Rules in relevant part in this disclosure. However, some of the specific issues raised have been addressed hereunder.

95. As regards the issue of non-participation of one of the original applicants i.e., M/s Mangalam Timber and substitution by Rushil the issue has already been addressed in the previous section. Relevant injury parameters of the domestic industry consisting of Greenply and Rushil have been made available to the interested parties. Therefore, no prejudice has been caused to any interested party in this regard.

96. As regards the issue of exclusion of excise duty benefit to one of the petitioners is concerned, the Authority notes that in the previous finding in Sunset review investigation concluded in August 2015 the issue was examined and it was noted by the Authority as follows:

“As far as the issue raised by the domestic industry that the selling price of the applicant domestic industry Greenply should be reduced by quantum of excise duty payable and thereafter determine profits, the Authority has computed the NSR and profitability of the domestic industry on actual basis as reflected in their audited accounts relating to the POI. The Authority is further of the view that the actual NSR and profit are only relevant and not the notional one as contended by the domestic industry.”

97. However, the issue has been raised by the domestic industry again. It has been contended that Greenply was eligible for excise duty exemption because of the locational disadvantage of the unit located in Uttarakhand for a limited period and the same is due for expiry in 2017 as per the information provided by the Company. The effect of the exemption of the excise duty is that it provides a price cushion to the producer to the extent of the excise duty exempted. Had the excise duty been payable the price would have been reduced by that extent to remain competitive in the market. Therefore, the argument of the domestic industry is that the price situation and profitability should be examined notionally adjusting the excise duty as if it was paid during the period of investigation and then see whether the industry would be earning profit, if the duty was actually payable. This appears to be arising from the fact that the duty exemption is temporary and the situation would dramatically change when the excise duty exemption expires in the near future.

98. The Authority notes that earlier decision of the Authority as quoted above was in the context of a sunset review where the likely impact of the dumped imports in the scenario of withdrawal of the exemption was examined. The exemption granted to the unit is temporary in nature and is set to expire sooner or later. Therefore, there is a need to examine the potential impact of the dumped imports on the conditions of the domestic industry in such a situation. Accordingly, in the factual matrix of the case both actual and potential scenarios have been examined in this injury examination.
99. The opposing interested parties have argued that injury is always analyzed on actual data and not on notional adjustments. The Authority notes that the mandate in a material injury analysis is to examine the 'actual' as well as 'potential' impact of dumped imports on various economic parameters of the domestic industry. The potential impact can only be analyzed based on certain foreseeable situations. In that context only potential impact of the dumped imports has been examined alongside the actual determinations of injury based on the current state of the domestic industry as it exists today. The potential impact of dumped imports, that may arise from the likely scenario of the excise exemption available to one of the units being withdrawn in the foreseeable future, has also been examined. Therefore, the arguments of the opposing interested parties in this regard are not valid.
100. As regards the arguments of the domestic industry regarding the determination of cost of production and non-injurious price, the Authority notes that the determinations are based on the information filed by the domestic producers and as per the consistent practice of the Authority.
101. As far as the form of duty as contended by the domestic industry is concerned, the Authority notes that a new form of duty as a combination of bench mark duty and fixed duty has been proposed by the domestic industry at this late stage. While there may be merit in this argument as this form of duty is being used by certain Authorities, this Authority has not got the benefit of the comments of other interested parties on the proposed form of duty. Further, this requires a detail examination before a policy decision is taken in this regard. Therefore, the Authority is not in a position to accept the arguments of the domestic industry in this regard at this late stage.
102. Other issues raised by the interested parties and the domestic industry, with regard to various injury parameters, have been addressed in the relevant parts in this finding.

H.3 Examination of Injury and Causal Links

103. Rule 11 of Antidumping Rules read with Annexure II provides that *the examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.*

104. For the purpose of current 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 dumping and injury, if any. The Authority has examined injury to the domestic industry by considering information relating to M/s Greenply Industries Limited and M/s Rushil Décor, who constitute the domestic industry under the Rules.

105. In accordance with the Rules all economic parameters affecting the Domestic Industry as indicated above have been examined as under

(a) Volume effects of dumped imports and impact on domestic industry

i. Import Volumes of dumped imports

106. 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. As noted earlier transaction-wise import data as reported in DGCI&S data has been used for this determination. As per this data the imports of the subject goods during the injury investigation are as follows:

Imports Volume	Unit	2011-12	2012-13	2013-14	POI
Indonesia	CBM	13,761	15,055	17,654	16,380
<i>Trend</i>	<i>Indexed</i>	100	109	128	119
Vietnam	CBM	9,122	31,510	45,193	45,386
<i>Trend</i>	<i>Indexed</i>	100	345	495	498
Total Subject Countries	CBM	22,883	46,564	62,847	61,766
<i>Trend</i>	<i>Indexed</i>	100	203	275	270
Countries attracting ADD	CBM	59,382	52,432	35,802	12,536
<i>Trend</i>	<i>Indexed</i>	100	88	60	21
Other Countries	CBM	10,866	17,455	28,497	36,342
<i>Trend</i>	<i>Indexed</i>	100	161	262	334
Total Imports	CBM	93,131	1,16,452	1,27,146	1,10,644

Trend	Indexed	100	125	137	119
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*POI: Oct'13- Sept'14

107. The above data indicates that while total volume of imports have increased by about 19%, the imports from the subject countries have increases by about 170% and imports from Vietnam has increased by about 400% compared to the base year. The increase in volume of dumped imports is significantly high during the injury investigation period. The data indicates that after imposition of antidumping duties on one set of countries the dumped imports from the subject countries have increased significantly nullifying the benefit of protection from the dumped imports from those countries.

ii. Share of dumped imports

108. The share of dumped imports in total imports is as follows:

Particulars	Unit	2011-12	2012-13	2013-14	POI
Imports Volume					
Indonesia	%	14.78	12.93	13.88	14.80
Vietnam	%	9.80	27.06	35.54	41.02
Total Subject Countries	%	24.57	39.99	49.43	55.82
Countries attracting ADD	%	63.76	45.02	28.16	11.33
Other Country	%	11.67	14.99	22.41	32.85
Total Imports	%	100.00	100.00	100.00	100.00

109. The above data indicates that the share of the dumped imports form the subject countries has increased significantly from about 25% of total imports to over 55% in the POI replacing the share of the countries already attracting antidumping duty. The share of Vietnam has gone up from less than 10% to over 40% of total imports.

iii. Assessment of Demand/Apparent Consumption

110. Demand or apparent consumption of the product in India has been estimated as the sum of domestic sales of the petitioners and imports from all sources. The demand so assessed is as follows:

Particular	Unit	2011-12	2012-13	2013-14	POI
Sales of Domestic Industry	CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>139</i>	<i>161</i>	<i>156</i>
Sales of Other Indian Producer	CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>94</i>	<i>162</i>	<i>180</i>
Total Imports	CBM	93,131	1,16,452	1,27,146	1,10,644
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>125</i>	<i>137</i>	<i>119</i>

Demand in India	CBM	2,38,240	2,89,769	3,61,172	3,52,118
Trend	Indexed	100	122	152	148

111. The above data indicates that there is a healthy growth in demand for the product which increased by about 52% till 2013-14 before marginally declining during the POI. Though total imports have not increased in that proportion, apparently because of the antidumping duty against some of the major exporting countries, the imports from the subject countries far exceed the demand growth and have increased by about 170% during the injury investigation period.

iv. Market Share

112. Market share of various players in the domestic market as analysed below shows that the market-share of the domestic industry increased significantly in 2012-13 and thereafter declined, whereas the share of the dumped imports from the subject countries have almost doubled.

Particular	Unit	2011-12	2012-13	2013-14	POI
Sales of Domestic Industry	%	***	***	***	***
Sales of Other Indian Producer	%	***	***	***	***
Total Imports	%	39.09	40.19	35.20	31.42
Dumped imports (Indonesia)	%	5.78	5.20	4.89	4.65
Dumped imports (Vietnam)	%	3.83	10.87	12.51	12.89
Total Subject Countries	%	9.61	16.07	17.40	17.54
Countries attracting ADD	%	24.93	18.09	9.91	3.56
Other Country	%	4.56	6.02	7.89	10.32
Demand in India	%	100.00	100.00	100.00	100.00

(b) Price effect of dumped imports and impact on domestic industry

113. With regard to the effect of the dumped imports on prices, the Designated Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared to the price of the like product 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.

114. The impact on the prices of the domestic industry on account of imports of the subject goods from the subject countries has been examined with reference to price undercutting, price underselling, price suppression and price depression.

i. Price undercutting effects of dumped imports

115. For the purpose of price undercutting analysis the net sales realization (NSR) of the domestic industry is required to be compared with landed value of imports from the subject countries. While computing the net sales realization of the domestic industry all taxes, rebates, discounts and commissions are deducted and sales realization at ex-works level is determined for comparison with the landed value of the dumped imports from the subject countries.

116. As noted earlier the domestic industry has argued that in order to analyse the price effect of dumped imports on the domestic prices and the profitability of the domestic industry the notional excise duty foregone (excise duty exemption benefit availed) by Greenply should be adjusted from the net sales realization. This is apparently on the premise that had the excise duty been payable by this company its net sales realization would have been less by the excise duty payable and that would have significantly affected its profitability. The argument is that this being a temporary exemption granted to the unit under a specific scheme the benefit should not be taken into account for working out its profitability etc. as the unit has to compete in the open market once the exemption is withdrawn.

117. In the recently concluded Sunset Review the Authority decided to go by the books of account and since the notional excise duty was not booked in the books of accounts of the Company it was not considered for adjustment. However, this being a fresh investigation, actual and potential impacts of the dumped imports has been examined as per the relevant provisions of the Rules. Therefore, both the scenarios, i.e., price impact with the actual NSR and NSR taking into account the excise exemption have been examined to see the actual and potential impact once the exemption is withdrawn.

Actual Undercutting

Particulars	Unit	2011-12	2012-13	2013-14	POI
Selling price of DI (with excise exemption)	Rs./CBM	***	***	***	***
Indonesia					
Landed Value	Rs./CBM	14,519	16,910	16,355	16,572
Price undercutting	Rs./CBM	***	***	***	***
Price undercutting	%	20-30%	20-30%	20-30%	20-30%
Vietnam					
Landed Value	Rs./CBM	13,362	15,750	16,468	16,683
Price undercutting	Rs./CBM	***	***	***	***

Price undercutting	%	25-35%	25-35%	20-30%	20-30%
Subject Countries					
Landed Price	Rs./CBM	14,058	16,125	16,436	16,654
Price undercutting	Rs./CBM	***	***	***	***
Price undercutting	%	25-35%	25-35%	20-30%	20-30%

Potential Undercutting

Particulars	Unit	2011-12	2012-13	2013-14	POI
Selling price of DI (without excise exemption)	Rs./CBM	***	***	***	***
Indonesia					
Landed Price	Rs./CBM	14,519	16,910	16,355	16,572
Price undercutting	Rs./CBM	***	***	***	***
Price undercutting	%	10-20%	10-20%	10-20%	10-20%
Vietnam					
Landed Price	Rs./CBM	13,362	15,750	16,468	16,683
Price undercutting	Rs./CBM	***	***	***	***
Price undercutting	%	15-25%	15-25%	10-20%	10-20%
Subject Countries					
Landed Price	Rs./CBM	14,058	16,125	16,436	16,654
Price undercutting	Rs./CBM	***	***	***	***
Price undercutting	%	15-25%	15-25%	10-20%	10-20%

118. The above data shows that at the current prices the dumped imports are significantly undercutting the domestic selling prices. Once the excise exemption is withdrawn for Greenply weighted average sales realization of the domestic industry is likely to fall to the extent of excise duty payable on order to remain competitive in the domestic market and in that scenario also the dumped imports will be undercutting the prices of the domestic industry significantly.

ii. Price suppression/depression

119. As noted above, price suppression/depression effects of the dumped imports have also been examined to see if the dumped imports have significantly suppressed or depressed the domestic prices. To examine the price suppression effect of the dumped imports on the domestic prices the trend of net sale realization of the domestic industry has been compared with the cost of production of the domestic industry and the landed price of the dumped imports. For this examination actual sales realization of the domestic industry has been compared with its cost of sales and landed value of imports as follows:

Particulars	Unit	2011-12	2012-13	2013-14	POI
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Cost of sales	Rs./CBM	***	***	***	***
Trend	Indexed	100	99	96	96
Selling price	Rs./CBM	***	***	***	***
Trend	Indexed	100	115	110	111
Landed Price of subject countries	Rs./CBM	14,058	16,125	16,436	16,654
Trend	Indexed	100	115	117	118

120. The above data indicates that the cost of sales have declined marginally and the weighted average selling prices as well as weighted average landed values have increased during the injury period indicating no price suppression or depression in the domestic market. However, the data also shows a 4 basis point decline in the selling prices compared to the year 2012-13 indicating thereby that the improvement in price scenario achieved in 2012-13 after imposition of duty against certain countries have eroded since 2013-14 apparently due to dumping from the new sources.

iii. Price underselling effects of dumped imports

121. For the purpose of examination of the price underselling effects the landed prices of imports from subject countries have been compared with the Non-injurious selling price of the domestic industry determined for the period of investigation (POI) in accordance with the norms prescribed in Annex-III to the Rules. Price underselling margins of dumped imports are as follows:

Particular	Unit	Indonesia	Vietnam
Non-Injurious Price (NIP)	Rs Per CBM	***	***
Landed Price	Rs Per CBM	16571.90	16683.15
Price Underselling	Rs Per CBM	***	***
Price Underselling	%	***	***
Price Underselling	% Range	15-25	15-25

122. The data indicates that the dumped imports are underselling in the domestic market and the underselling margins are significantly high.

H.4 Examination of Economic parameters relating to the domestic industry

(a) Actual and Potential Impact on Capacity, Production, Capacity utilization and Sales

123. The Authority notes that the capacities of the domestic producers/petitioners are not dedicated to the product under consideration. The petitioners produce both thick and thin MDF in the said plants. Therefore, the capacity and capacity utilization of the plants have been considered for examination. However, production and sales of the product under consideration have also been examined separately. Information on capacity, production, capacity utilization and sales volume of the domestic industry is

given in the table below. The data indicates that total plant capacity and production of the petitioners increased since 2012-13 when M/s Rushil Décor came into production. However, plant utilization remains very low at about 70% after reaching a level of about 74% in 2012-13. The production and sales of the product under consideration has declined after increase up to 2013-14 by about 7% indicating thereby that there is some shift in production form the thick MDF to thin MDF and other products during this period. The domestic industry has argued that the industry is forced to shift production because of the price pressure in the PUC segment of the production. While the demand for the product under consideration increased the sales of the domestic industry declined during this period.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Capacity - Plant	CBM	1,80,000	2,31,000	2,70,000	2,70,000
<i>Trend</i>	<i>Indexed</i>	100	128	150	150
Production - Plant	CBM	1,14,626	1,69,914	1,91,482	1,92,268
<i>Trend</i>	<i>Indexed</i>	100	148	167	168
Capacity Utilization - Plant	%	63.68	73.56	70.92	71.21
<i>Trend</i>	<i>Indexed</i>	100	116	111	112
Production of the PUC	CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	148	160	153
Sales of PUC	CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	139	161	156

(b) Actual potential impact on Market Share

124. Market share of various players in the domestic market as analysed in the preceding paragraphs shows that the market-share of the domestic industry increased significantly in 2012-13 and thereafter declined whereas the share of the dumped imports from the subject countries have almost doubled.

(c) Actual and Potential Impact on Profitability, Profits, return on investment and cash flow

125. Cost of production and other associated costs, of the domestic industry as well as selling prices of the domestic industry have been assessed as per the standard accounting practices and the books of accounts of the company to examine the actual profit and losses of the Company during the injury investigation period. At the same time the potential impact of the dumped imports on the profitability has been examined taking into account the excise duty exemption being enjoyed by one of the constituents of domestic industry, which is stated to be due for expiry in the near future. Accordingly, actual and potential impacts on profitability, return on investment and cash-flow have been assessed as follows:

Actual impact

Particulars	Unit	2011-12	2012-13	2013-14	POI
Cost of sales	Rs./CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	99	96	96
Selling price (with excise exemption)	Rs./CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	115	110	111
Profit/(Loss)	Rs./CBM	(***)	***	***	***
<i>Trend</i>	<i>Indexed</i>	(100)	76	54	60
Profit/(Loss)	Rs.Lacs	(***)	***	***	***
<i>Trend</i>	<i>Indexed</i>	(100)	106	86	93
Cash Profit	Rs.Lacs	(***)	***	***	***
<i>Trend</i>	<i>Indexed</i>	(100)	1,317	1,294	1,268
PBIT	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	631	591	569
ROCE	%	0-10%	5-15%	5-15%	5-15%
<i>Trend</i>	<i>Indexed</i>	100	471	441	477

126. The above data indicates that the cost of subject goods has declined marginally and the selling prices after increasing till 2012-13 has again declined by 4 basis points in the POI. Accordingly, the profitability of the domestic industry improved till 2012-13 and thereafter declined sharply. However, the return on capital employed, which was extremely low in the base year, has improved.

Potential impact

Particulars	Unit	2011-12	2012-13	2013-14	POI
Cost of sales	Rs./CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	99	96	96
Selling price (without excise exemption)	Rs./CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	116	114	115
Profit/(Loss)	Rs./CBM	(***)	(***)	(***)	(***)
<i>Trend</i>	<i>Indexed</i>	(100)	(27)	(21)	(15)
Profit/(Loss)	Rs.Lacs	(***)	(***)	(***)	(***)
<i>Trend</i>	<i>Indexed</i>	(100)	(38)	(34)	(24)
Cash Profit	Rs.Lacs	(***)	***	***	***
<i>Trend</i>	<i>Indexed</i>	(100)	7	25	32
PBIT	Rs.Lacs	(***)	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	(70)	(86)	(93)
ROCE	%	(0-10)%	0-10%	0-10%	0-10%

<i>Trend</i>	<i>Indexed</i>	(100)	52	64	78
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127. The above data indicates that if the excise duty exemption was not available the domestic industry would have been in significant losses and the return on capital employed would have been too low to sustain the industry. Therefore, if the import price lines hold at the level in the POI and the excise exemption is withdrawn, assuming that the costs of the domestic industry remains at the similar levels, the likely domestic selling prices will lead to significant financial losses for the domestic industry and return on investment will be un-remunerative.

(d) Actual and potential impact on Employment and Wages

128. The trends of employment, productivity and wages of the domestic industry are as follows:

Particulars	Unit	2011-12	2012-13	2013-14	POI
No of Employees	Nos	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	279	463	463
Wages	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	155	263	252
Wages per unit	Rs./CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	105	157	150

129. The above data indicates that the employment levels have improved after base year as the new unit of Rushil has come into production in 2012-13, and thereafter remained at same levels Wages have increased during the injury investigation period as production capacity and employment has increased during this period. Per employee productivity has declined during this period.

(e) Actual and potential impact on Growth:

130. The data in the earlier section indicates that production and sales of the domestic industry has marginally declined during the POI after positive growth in the previous periods. Profitability also follows a similar trend. despite the fact that the major constituent of the domestic industry enjoys excise duty exemption Therefore, the potential growth of the domestic industry in a scenario of lapse of exemption would be significantly negative.

(f) Actual and potential impact on inventories

131. The inventory position of the domestic industry indicates that in spite of healthy demand in the country the average stock of the petitioners has increased significantly throughout the injury period apparently due to the price pressure of dumped imports.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Average Stock	CBM	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	290	753	958

*POI: Oct'13- Sept'14

(g) Actual and potential impact on productivity.

132. The opposing interested parties have argued that performance of the domestic industry is impacted by decline in its productivity. The productivity of the domestic industry has been examined as under. The data shows that the daily productivity has improved because of addition of new unit during the POI. However, per employee productivity because of increase in employment level in the new unit which is semi-automatic and engages more manual labour.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Productivity per day	CBM/Day	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	158	167	168
Productivity per employees	CBM/Nos	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	53	36	36

(h) Actual and potential impact ability to raise capital investments

133. The Authority notes that substantial investment has been made by one of the constituents of the domestic industry during the injury investigation period leading to capacity addition. Another domestic producer is also in the process of setting of a unit in Andhra Pradesh but the progress has been slow. However, actual and potential profitability of the industry in the subject goods indicates that in the present scenario ability of the industry to make further investment in the product concerned seems to have been significantly impacted.

(i) Level of dumping & dumping margin

134. The dumping margins as an indicator of potential injury to the domestic industry indicates that margins of injury from each of the subject countries are above *de minimis* and significant except one producing exporter from Vietnam as recorded earlier.

H.5 Conclusion on injury

135. The above examination indicates that the imports from the subject countries are entering the Indian market at significant volumes at dumped prices and the imports have increased significantly during the injury investigation period. The volume of imports and the prices at which they are being exported from the subject countries are causing both volume and price impact on the domestic industry through their price undercutting and price underselling effects. The production and sales increased upto the previous year and thereafter shows significant declining trend. The performance of the domestic industry has deteriorated in terms of profits, return on investments, cash profits and inventories have piled up. The analysis also shows that the potential impact of the dumped imports would be significantly adverse on the domestic industry once the excise duty exemption benefit is withdrawn. Therefore, the Authority concludes that actual and potential impact of the dumped imports on the domestic industry is adverse and the domestic industry has suffered material injury.

H.6 Injury margins

136. The non-injurious price of the domestic industry has been determined as per the principles laid down in Annex-III to the Anti dumping Rules. Landed prices of imports from various countries have been compared with the non-injurious price so determined for determination of the injury margins of the dumped goods imported from the subject countries. The data indicates that the landed prices of imports from the subject countries are substantially below the non-injurious prices calculated for the domestic industry. The injury margins so determined are as follows:

Country/Producer	Exporter	NIP US\$/CBM	Landed Value US\$/CBM	IM US\$/CBM	IM %
Vietnam					
M/s Kim Tin MDF Joint Stock Company	M/s Kim Tin MDF Joint Stock Company	***	***	***	20-30%
	M/s Kim Tin Trading Co. Ltd.	***	***	***	30-40%

M/s. VRG Dongwha MDF Joint Stock Company, Vietnam	M/s. VRG Dongwha MDF Joint Stock Company, Vietnam	***	***	***	15-25%
MDF VRG Quang Tri Wood Joint Stock Company	MDF VRG Quang Tri Wood Joint Stock Company	***	***	***	10-20%
Any other than above		***	***	***	35-45%
Indonesia					
M/s PT Sumatera Prima Fibreboard, Indonesia	M/s PT Sumatera Prima Fibreboard, Indonesia	***	***	***	15-25%
PT Hijau Lestari Raya Fibreboard	PT Hijau Lestari Raya Fibreboard	***	***	***	20-30%
Any other than above		***	***	***	20-30%

I. Causal Link and Non-Attribution Analysis

137. The above analysis, as above, indicates that the performance of the domestic industry has deteriorated during the injury investigation period and the domestic industry has suffered material injury. However, as recorded earlier, the interested parties have strongly argued that the injury, if any, suffered by the domestic industry is on account of other factors. The domestic industry, on the other hand, has argued that that the injury suffered is on account of dumped imports from various sources.

138. The Authority notes that it is important to establish whether the dumped imports, through their volume and price effects, are affecting the performance of the domestic industry, without attributing the injury caused by the other factors to the dumped imports. The examination in the previous section indicates that the dumped imports have significant adverse volume impact on the domestic industry. Therefore, there is a positive causal link between the dumped imports and the injury suffered by the domestic industry. Having established that, the Authority has examined other mandatory parameters to see if other factors, other than the dumped imports from the subject countries, are the cause of injury to the domestic industry as has been argued by the interested parties. In this context the following mandatory factors have been examined along with the factors brought out by the interested parties in their various submissions, as follows:

i. Volume and prices of imports from other sources

139. The Authority notes that imports of the subject goods from China PR, Malaysia, Thailand and Sri Lanka are currently attracting anti-dumping duties and import from these countries have significantly reduced. The only other country having significant import of MDF is New Zealand. But as recorded earlier, imports from New Zealand are of different types and the imports are not at dumped prices. Therefore, imports from other sources have not impacted the domestic industry. The Authority notes that one of the major producers of the subject goods has presence in many countries, including the subject countries. Earlier duties were imposed on this producing exporter from some of these countries. However, after imposition of duties against these countries there has been reduction of exports from those countries whereas exports of the producing exporters from the subject countries have increased significantly.

ii. Contraction in Demand and / or change in pattern of consumption

140. The data on domestic demand and consumption indicates that there is a healthy growth in demand for the subject goods during the injury investigation period with a marginal dip in the POI. No information has been provided by any interested party to show any change in consumer preferences for any competing or substituting products. In fact, increase in demand indicates increasing consumer preference for this product. Therefore, demand or change in consumer preferences are not factors affecting the domestic industry.

iii. Trade restrictive practices of and competition between the foreign and domestic producers

141. The Authority notes that there are few other domestic producers in the domestic market and they have increased their production and sales during this period. The interested parties have argued that the injury suffered by the domestic industry is on account of *inter se* competition between the domestic industry and the other producers. The domestic industry has argued that some of the domestic producers have gone out of production in the recent past due to dumping. The new plants that have come up during the injury investigation period have ramped up their production. But there is no *inter se* competition between the domestic industry and these producers. The Authority notes that as per the information available few domestic producers of the subject goods i.e., M/s Nuchem Limited, Bajaj Eco-Tec Products Limited have ceased producing the like product and Shirdi Industries Limited has been referred to BIFR. Mangalam and Shirdi Industries have practically become sick and gone out of production. Only major producer now is Balaji Action Buildwell, which has ramped up its production during this period. No information has been provided by any interested party to show that there is any significant competition between these

producers to seriously affect the performance of the domestic industry. There is no trade restriction for the subject goods and goods are being freely imported and traded in the domestic market. Therefore, trade restrictive practices or unfair competition within India could not be held to be the cause of injury to the domestic industry.

iv. Development in technology

142. The Authority notes that there are only two technology providers for production of the subject goods in the world and technology for production of products has not undergone any major change. The domestic and foreign producers use one of these technologies. Therefore, the change in technology is not a factor affecting the domestic industry.

v. Export Performance

143. The petitioners have not exported the product under consideration and their production is dedicated to domestic market. Therefore, the export performance is not a factor affecting the performance of the domestic industry.

144. No other factor that could have affected the domestic industry has been brought to the notice of the Authority by any contesting interested party.

J. Factors establishing causal link

145. The above examination indicates that the dumped imports from the subject countries have increased manifold during the injury investigation period after imposition of antidumping duty against few countries as recorded earlier. The dumped imports have cornered a significant portion of the domestic demand. Though the production and sale of the domestic industry has increased due to coming into production of one of the constituents of the domestic industry, the capacity utilisation remains very low because of increased imports from the subject countries. The dumped imports are significantly undercutting and underselling the prices of the domestic industry resulting in decline in actual and potential profitability and return on investment over the injury investigation period. There is no other factor that could have significantly affected the performance of the domestic industry. Therefore, the Authority concludes that domestic industry has suffered material injury due to the volume and price effects of the dumped imports from the subject countries.

K. Indian industry's interest & Other issues

146. The Authority notes that. 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. The Authority further notes that the subject goods are used in the furniture and construction industry. Therefore, survival of the domestic producers, in a fair market environment, is essential, keeping in view the general growth of the economy, growing demand for the product and employment potential of the sector. Imposition of antidumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the subject goods to the consumers. Therefore, the interests of the user industry and consumers will not be significantly affected if anti-dumping duties are imposed on this product.

L. Conclusion and Recommendations

147. The Authority notes that this investigation was initiated and notified to all interested parties in accordance with the provisions of the Antidumping Rules and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information and verifiable evidence on various aspects of dumping, injury and causal link for determination of degree and extent of dumping and injury. Having conducted the investigation as per the procedure prescribed and having established that dumping has taken place from the subject countries and the domestic industry has suffered material injury on account of the dumped imports, the Authority considers it necessary and appropriate to recommend imposition of definitive duties on imports of subject goods, from the subject countries, in the form and manner described hereunder:

148. Having regard to the lesser duty rules followed by the Authority, the Authority recommends imposition of definitive anti-dumping duties equal to lesser of margin of dumping and margin of injury so determined in this finding, so as to remove the injury to the domestic industry. Accordingly, definitive antidumping duties equal to the amount indicated in Col.8 of the duty table below is recommended to be imposed, for a period of five years from the date of its imposition, by a 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

SN	Sub Heading or Tariff Item	Description of Goods	Countries of Origin	Countries of Export	Producer	Exporter(s)	Duty Amount	Unit of Measurement	Currency

1	2	3	4	5	6	7	8	9	10
1	44111300 and 44111400	Plain Medium Density Fibre Board (MDF) having thickness of 6mm and above, excluding laminated boards	Vietnam	Any	M/s Kim Tin MDF Joint Stock Company	M/s Kim Tin MDF Joint Stock Company	Nil	Cubic meter	US\$
2	-Do-	-Do-	Vietnam	Any	M/s Kim Tin MDF Joint Stock Company	M/s Kim Tin Trading Co. Ltd.	Nil	-Do-	-Do-
3	-Do-	-Do-	Vietnam	Any	M/s. VRG Dongwha MDF Joint Stock Company, Vietnam	M/s. VRG Dongwha MDF Joint Stock Company, Vietnam	15.95	-Do-	-Do-
4	-Do-	-Do-	Vietnam	Any	MDF VRG Quang Tri Wood Joint Stock Company	MDF VRG Quang Tri Wood Joint Stock Company	14.84	-Do-	-Do-
5	-Do-	-Do-	Vietnam	Any	Any other than above		63.99	-Do-	-Do-
6	-Do-	-Do-	Any, other than the countries attracting antidumping duties	Vietnam	Any	Any	63.99		
7	-Do-	-Do-	Indonesia	Any	M/s PT Sumatera Prima Fibreboard, Indonesia	M/s PT Sumatera Prima Fibreboard, Indonesia	42.38	-Do-	-Do-
8	-Do-	-Do-	Indonesia	Any	PT Hijau Lestari Raya Fibreboard	PT Hijau Lestari Raya Fibreboard	14.71	-Do-	-Do-
9	-Do-	-Do-	Indonesia	Any	Any other than above		64.35	-Do-	-Do-
10	-Do-	-Do-	Any, other than the countries attracting antidumping duties	Indonesia	Any	Any	64.35	-Do-	-Do-

M. Further Procedures

149. An 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 (CESTAT) in accordance with the relevant provisions of the Act.
150. The Authority may review the need for continuation, modification or termination of the definitive measures as recommended herein from time to time as per the relevant provisions of the Act and the Rules 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 as per the time limit stipulated for this purpose.

A.K. Bhalla
Additional Secretary & Designated Authority