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**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Commerce**  
**(Directorate General of Trade Remedies)**  
**4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi – 110001**

Dated: 14.01.2020

**INITIATION NOTIFICATION**  
**(Case No.OI-32/2019)**

**Initiation of anti-dumping investigation concerning imports of “Viscose Spun Yarn” originating in or exported from China PR, Indonesia and Vietnam.**

1. The Indian Manmade Yarn Manufacturers Association (hereinafter also referred to as the “Applicant”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) on behalf of the domestic industry, in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also 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, as amended from time to time (hereinafter also referred to as the “Rules”) for original Anti-Dumping Duty investigation on imports of “Viscose Rayon Spun Yarn”, also known as “Viscose Spun Yarn” or “VSY” (hereinafter referred to as “product under consideration” or PUC or “subject goods”), originating in or exported from China PR, Indonesia, Singapore and Vietnam.
2. The Applicant has alleged that material injury to the Domestic Industry is being caused due to dumped imports from the said countries and has requested for imposition of anti-dumping duty on the imports of the subject goods, originating in or exported from the subject countries.

**Subject Countries**

3. The Applicant has claimed injury due to dumped imports from China PR, Indonesia, Singapore and Vietnam. However, DGCI&S import data indicates that the imports from Singapore is below *de minimus*. Accordingly, the subject countries for the present investigation are China PR, Indonesia and Vietnam.

**Product under consideration**

4. The product under consideration for the purpose of the present investigation is “Viscose rayon spun yarn containing 85% or more by weight of artificial viscose staple fibre, other

than sewing thread, not put up for retail sale, falling under 55101110 and 55101210. The product under consideration can be either single or multiple folded or cabled yarn”.

5. VSY is mainly used for weaving or knitting for production of fabric for eventual use in garments.
6. The PUC is classified under Chapter 55 of Customs Tariff Act, 1975. While the prescribed classification of the product is 55101110 and 55101210, the PUC has also been imported under 55101190, 55101290, 55109010 and 55109090. The Customs classification is indicative only and not binding on the scope of the investigation.

### **Like Article**

7. The Applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no known differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods and the product under consideration manufactured by the Applicant. The two are technically and commercially substitutable and, hence, should be treated as ‘like article’ under the AD Rules. Therefore, the subject goods produced by the Applicant in India are being treated as ‘Like Article’ to the subject goods being imported from the subject countries.

### **Domestic Industry**

8. The Application has been filed by the Indian Manmade Yarn Manufacturers Association on behalf of the domestic producers of the like articles. The Applicant has claimed that neither they have imported the subject goods from the subject countries nor are they related to any exporter or producer of subject goods in the subject countries or any importer of the PUC in India. On the basis of the information available, the Authority notes that the application has been made by or on behalf of the domestic industry in terms of the provisions contained in Rule 2 (b) and Rule 5 (3) of the Rules.

### **Basis of Alleged Dumping**

#### **i. Normal value for China PR**

9. The Applicant has claimed that China PR should be treated as a non-market economy and the normal value should be determined in terms of paragraph-7 of Annexure I of the Rules. The Applicant has cited and relied upon Article 15(a)(i) of China’s Accession Protocol and stated that the Chinese producers should be directed to show that market economy conditions prevail in the industry producing the subject goods. The Applicant has claimed that Chinese domestic costs and prices cannot be accepted unless the Chinese exporters pass the tests of market economy. The Applicant has stated that for China normal value should be determined in accordance with para-7 and 8 of Annexure I of the

Rules. In view of the above non-market economy presumption and subject to rebuttal of the same by the responding exporters from China, normal value of the Subject Goods in China PR has been estimated in terms of Para 7 of Annexure 1 to the Rules.

10. The Applicant has claimed that Thailand may be taken as a market economy third country for construction of normal value for China PR and has provided information regarding price in Thailand. All interested parties are advised to offer their comments on this issue within 30 days from the date of issuance of initiation notification. Pending detailed examination of the claim of Thailand as a surrogate country for China for this investigation, the Authority, for the purpose of initiation of the present investigation, has taken the option of the price payable in India for constructing normal value for the China PR. The claim of the Applicant for choosing Thailand as an appropriate market economy third country in this investigation would, however, be examined during the course of investigation after obtaining the comments from interested parties on this issue and evaluating them.
11. Accordingly, normal value has been constructed for China for the purpose of initiation, on the basis of cost of production in India, based on the cost of most efficient domestic producer with selling, general and administrative expenses, duly adjusted.

**ii. Normal value for Vietnam**

12. The Applicant has claimed Vietnam as non-market economy. Vietnam has however been given market economy status by India. The Applicant has neither furnished information in respect of domestic selling price of the subject goods in Vietnam nor has suggested any appropriate country for taking export price of subject goods from Vietnam to such a country for construction of normal value. In absence of these options, the Authority has, for the purpose of initiation, constructed the normal value for Vietnam on the basis of cost of production in India, based on the most efficient domestic producer's cost with selling, general and administrative expenses, duly adjusted.

**iii. Normal value for Indonesia.**

13. The Applicant has provided information with regard to selling price of the product in Indonesia. As per the evidence provided by the Applicant, the Authority has considered normal value of Indonesia based on the domestic selling price in Indonesia.

**Export price for China PR, Vietnam and Indonesia.**

14. The Authority has computed the export price for all the subject countries based on DGCI&S transaction-wise data. Price adjustments have been made on account of ocean freight, marine insurance, commission, inland freight expenses, port expenses, bank charges, and VAT (only for China).

15. The normal value and the export price have been compared at ex-factory level, which prima facie shows significant dumping margin in respect of the subject goods from the subject countries. There is sufficient prima facie evidence that the subject goods are being dumped into the Indian market by the exporters from the subject countries.

### **Injury and Causal Link**

16. Information furnished by the Applicant has been considered for assessment of injury to the domestic industry. The Applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption in India, price undercutting, and price suppressing effect on the domestic industry. The Applicant has claimed that its performance has been adversely impacted in respect of production, sales and consequent decline in profits, return on capital employed, and cash flow, as a result of increase in imports of subject goods at a price below selling price and non-injurious price for the domestic industry. There is sufficient prima facie evidence that the injury exists and is being caused to the domestic industry by dumped imports from subject countries.

### **Initiation of Anti-Dumping Investigation**

17. On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about dumping of the product under consideration originating in or exported from the subject countries, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the product under consideration originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

### **Period of Investigation**

18. The Applicant proposed the Period of Investigation (hereinafter also referred to as "POI") 01<sup>st</sup> April, 2019 – 31<sup>st</sup> September, 2019 (6 months). However, the Authority has proposed the POI in the present investigation as 01<sup>st</sup> April 2019 – 31<sup>st</sup> December 2019 (9 months). The injury investigation period will cover the periods 2016-17, 2017-18, 2018-19 and POI.

### **Procedure**

19. Principles as given in Rule 6 of the Rules will be followed for the present investigation.

### **Submission of Information**

20. The known exporters in the subject countries, their government through their Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
21. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below. The information/ submission may be submitted to:

**The Designated Authority  
Directorate General of Trade Remedies  
Ministry of Commerce & Industry  
Department of Commerce  
Government of India  
4th Floor, Jeevan Tara Building, 5, Parliament Street  
New Delhi-110001**

22. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

### **Time Limit**

23. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above within thirty days from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting Countries. If no information is received within the prescribed time-limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Anti-Dumping Rules.
24. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

### **Submission of information on confidential basis**

25. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:

- i. one set marked as Confidential (with title, number of pages, index, etc.), and
  - ii. the other set marked as Non-Confidential (with title, number of pages, index, etc.).
26. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies in four (4) sets of each.
27. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
28. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
29. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
30. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
31. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

### **Inspection of Public File**

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

### **Non-cooperation**

33. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

**(Bhupinder S. Bhalla)**  
**Additional Secretary & Designated Authority**