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**F. No.7/03/2023-DGTR
Government of India, Department of Commerce,
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5 Parliament Street, New Delhi – 110001**

Dated: 31st March 2023

INITIATION NOTIFICATION
(Case no. AD (SSR) 02/2023)

Subject: Initiation of sunset review investigation of anti-dumping duty on import of “Flax Yarn of Below 70 Lea Count” originating in or exported from China PR.

1. F. No. 7/03/2023-DGTR – Having regard to 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 for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the “Rules” or the “Anti-Dumping Rules”), M/s Grasim Industries Limited (Jaya Shree Textiles) and Sintex Industries Ltd. (hereinafter referred to as the “applicants” or “domestic industry”) have filed an application before the Designated Authority (hereinafter also referred to as the “Authority”), for a sunset review of the anti-dumping duty imposed on imports of “Flax Yarn of below 70 Lea Count” (hereinafter referred to as the “product under consideration” or “PUC” or the “subject goods”), originating in or exported from China PR (hereinafter referred to as the “subject country”).
2. In terms of Section 9A, (5) of the Act, the anti-dumping duty imposed shall, unless revoked earlier, cease to have an effect on the expiry of five years from the date of such imposition and the Authority is required to review whether the expiry of the duty is likely to lead to continuation or recurrence of dumping and injury. In accordance with the same, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry as to whether the expiry of duty is likely to lead to the continuation or recurrence of dumping and injury.

A. Background of the previous investigation

3. The Authority initiated an original investigation and notified the final finding recommending definitive anti-dumping duties on imports of the subject goods from the subject country vide Notification No. 6/3/2018/DGAD dated 18th September 2018. The Central Government thereafter imposed anti-dumping duties vide Customs Notification No. 53/2018-Customs (ADD) dated 18th October 2018. The said duties were imposed for a period of 5 years. The duties are set to expire on 17th October 2023.

B. Product Under Consideration (PUC)

4. The product under consideration in the present investigation is the same as defined in the original investigation which is as follows:

“7. The product under consideration for the purpose of present investigation is “Flax Yarn of below 70 Lea Count (equivalent to 42 Nm)”.

8. Flax Yarn is a natural cellulosic fiber having naturally antimicrobial, antifungal properties. The Yarn is generally made out of the 100% flax fiber and is called Linen Yarn or Flax Yarn. The flax fiber can also be blended with other fibers for making flax yarn or linen yarn. The primary use of flax yarn is in making flax fabric. Flax fabric is used for apparel and in home textiles.

9. All other natural cellulosic fibers such as cotton, hemp, jute and ramie are beyond the scope of product under consideration for the purpose of present investigations. Flax yarn of 70 and above lea is specifically excluded from the scope of the product under consideration.”

5. Flax Yarn is classified under Chapter 53 (Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn) of the Customs Tariff Act under heading 5306 and subheading 53061090 and 53062090. The HS codes are considered only indicative and the product description is decisive for the purpose of the present investigation.
6. The present investigation being a sunset review investigation, the product under consideration remains the same as defined in the previously conducted investigation F. No.6/3/2018-DGAD dated 18th September 2018.

B.1. Product Control Number (PCN)

7. The applicants have proposed the same PCNs as was considered in the original investigation as follows:

<i>SN</i>	<i>Lea Category</i>	<i>Nm Category</i>	<i>PCN</i>
1	<i>Upto 5 lea</i>	<i>Upto 3 Nm</i>	01
2	<i>Above 5 and upto 10</i>	<i>Above 3 and upto 6</i>	02
3	<i>Above 10 and upto 15</i>	<i>Above 6 and upto 9</i>	03
4	<i>Above 15 and upto 20</i>	<i>Above 9 and upto 12</i>	04
5	<i>Above 20 and upto 25</i>	<i>Above 12 and upto 15</i>	05
6	<i>Above 25 and upto 30</i>	<i>Above 15 and upto 18</i>	06
7	<i>Above 30 and upto 35</i>	<i>Above 18 and upto 21</i>	07
8	<i>Above 35 and upto 40</i>	<i>Above 21 and upto 24</i>	08
9	<i>Above 40 and upto 45</i>	<i>Above 24 and upto 27</i>	09
10	<i>Above 45 and upto 50</i>	<i>Above 27 and upto 30</i>	10
11	<i>Above 50 and upto 55</i>	<i>Above 30 and upto 33</i>	11
12	<i>Above 55 and upto 60</i>	<i>Above 33 and upto 36</i>	12
13	<i>Above 60 and upto 65</i>	<i>Above 36 and upto 39</i>	13
14	<i>Above 65 and Less than 70</i>	<i>Above 39 and Less than 42</i>	14

8. The interested parties, however can provide their comments/suggestions on the proposed PUC/PCNs for the purpose of this investigation within 20 days from the date of initiation of this investigation.

C. Like Article

9. The applicants have claimed that there is no difference in the product produced by the domestic industry and the one exported from the subject country. The product produced by the domestic industry and imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing, and tariff classification of the goods. The Authority in the previous investigation held that the products being manufactured by the domestic industry is like article to the product being imported into India from the subject country. The present application is for review of the extension of original anti-dumping duty and since the product under consideration for the present and original investigation is the same, it is *prima facie* considered that the subject goods produced by the domestic industry and the subject goods imported from the subject country is "like article".

D. Domestic industry and standing

10. The application has been filed by M/s Grasim Industries Limited (Jaya Shree Textiles) and Sintex Industries Ltd. The applicants have certified that they have neither imported the subject goods from the subject country nor are they related to any exporter/producer from the subject country or importers in India. The Authority examined the petition and after noting the total production of the subject goods in India, found that the production of the petitioners accounts for “a major proportion” in the total Indian production of the product under consideration, thus the petitioners satisfies the standing and constitutes domestic industry within the meaning of the AD Rules.

E. Subject Country

11. The country involved in the present sunset review investigation is China PR.

F Period of Investigation

12. The period of investigation (POI) for the present investigation is October 2021-September 2022 (12 Months). The injury investigation period will cover the periods 2019 – 20, 2020 – 21, 2021 – 22, and the period of investigation. The data beyond the period of investigation may also be examined to determine the likelihood of dumping and injury.

G. Normal Value

13. The petitioners have claimed that China should be treated as a non-market economy and normal value in case of China should be determined in accordance with Para 7 and 8 of Annexure I of the Rules.
14. The petitioners have submitted that efforts were made to get information/evidence about cost and prices of the subject goods in the domestic market of the subject country. In the absence of availability of reliable information in the public domain on domestic prices of the subject goods in the subject country, the normal value in the subject country has been estimated on the basis of cost of production, considering consumption norms of the domestic industry for raw material and utilities, duly adjusted including selling, general and administrative expenses and profit. The Authority has *prima-facie* considered the normal value of the subject goods in subject country on the basis of constructed values as made available by the petitioners for the purpose of this initiation.

15. However, while submitting the questionnaire response producers/exporters may have to demonstrate prevalence of market conditions related to manufacturing, production, and sales of subject goods in the domestic market and in export to India and other countries. For this purpose, the producer/exporter, may clarify and provide sufficient information on the following:
- a) Decision in regard to price, cost, input including raw material, cost of technology and labour, output, sales and investment, are without significant state interference and whether cost of major inputs substantially reflect market value.
 - b) Production costs and financial situation does not suffer for any distortion.
 - c) The producer/exporter are subject to bankruptcy and property laws which guarantees legal certainty and stability for the operation of the firms.
 - d) Exchange rate conversions are carried out at the market rate.
16. The interested parties are advised to offer their comments and make duly substantiated claims with regard to the methodology to be adopted for the determination of normal value, having regard to the provisions of Para 7 of Annexure – I within the time limits prescribed in this notification.

H. Export Price

17. The applicants have computed the export price of the subject goods by considering the CIF price reported in the secondary source data. The price adjustments have been made on account of ocean freight, marine insurance, port expenses, bank charges, inland freight and commission. Export price claimed by the applicants is *prima facie* acceptable for the purpose of initiation of the investigation.

I. Dumping Margin

18. Considering the normal value and export price determined above, the dumping margin has been determined, It is noted that the dumping margin is above the *minimis* level. There is *prima facie* evidence that the normal value of the subject goods in the subject country is higher than the net export price, indicating that the subject goods originating in or exported from the subject country are being exported at dumped prices, thus, indicating continued dumping.

J. Likelihood of continuation or recurrence of Injury

19. There is *prima facie* evidence of the likelihood of dumping and consequent injury on account of continued dumped imports from the subject country in spite of the existing duties, significant excess capacities of Chinese producers, high export orientation, third-country dumping by Chinese producers, price attractiveness of the

Indian market, the vulnerability of the Indian industry. The information provided by the applicants, *prima facie*, shows the likelihood of dumping of the subject goods from the subject country, and the likelihood of injury to the domestic industry in case of cessation of the anti-dumping duty.

K. Initiation of the sunset review investigation

20. On the basis of the duly substantiated application of the applicants, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the applicants, substantiating the likelihood of continuation/recurrence of dumping and injury, and in accordance with Section 9A(5) of the Act read with Rule 23 of the Rules, the Authority hereby initiates a sunset review investigation to review the need for the continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject country to examine whether the expiry of existing anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

L. Procedure

21. The present review investigation covers all aspects of the final findings published vide Notification No. 6/3/2018/DGAD, dated 18th September 2018. The Authority will also undertake a likelihood analysis of dumping and injury.
22. The provisions of Rules 6, 7, 8, 9, 10, 11, 16, 17, 18, 19, and 20 of the Rules *supra* shall be *mutatis mutandis* applicable in this review.

M. Submission of Information

23. In view of the special circumstances arising out of the COVID-19 pandemic, all communication should be sent to the Designated Authority via email at the email addresses adg16-dgtr@gov.in and adv13-dgtr@gov.in with copy to jd16-dgtr@gov.in and dd15-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
24. The known exporters in the subject country, the Government through its 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.

25. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below on the email addresses mentioned in Para 23 above.
26. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
27. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <https://www.dgtr.gov.in/> for any updated information with respect to this investigation.

N. Time Limit

28. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg16-dgtr@gov.in, adv13-dgtr@gov.in, jd16-dgtr@gov.in, and dd15-dgtr@gov.in within thirty (30) days from the date of receipt of the notice as per Rule 6(4) of the 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 country. 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 Rules.
29. 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.

O. Submission of information on a confidential basis

30. Any party making any confidential submission or providing information on a confidential basis before the Authority is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/submissions.
31. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.

32. 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.
33. The confidential version shall contain all information that is by nature confidential and/or other information which the supplier of such information claims as confidential. For information that is claimed to be confidential by nature or 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.
34. 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 a 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. The other interested parties can offer their comments on the confidentiality claimed within 7 days of receiving the non-confidential version of the document.
35. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied 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.
36. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.

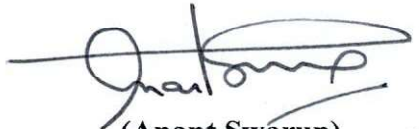
37. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

P. Inspection of Public File

38. A list of all registered interested parties will be uploaded on DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties since the public file will not be accessible physically due to ongoing global Covid-19 pandemic.

Q. Non-cooperation

39. In the 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.


(Anant Swarup)
Designated Authority