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**File No.14/51/2016-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)**

New Delhi - 110001

Dated: 24 April, 2017

INITIATION NOTIFICATION

Case No. OI/24/2017

Subject: Initiation of Anti-Dumping Investigation concerning imports of “Saturated Fatty Alcohols” originating in or exported from Indonesia, Malaysia, Thailand and Saudi Arabia

F.No. 14/51/2016-DGAD: M/s VVF India Limited (hereinafter referred to as “the applicant”) has filed an application before the Designated Authority (hereinafter referred to as “the Authority”) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as “the Act”) and 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 referred to as “the Rules”) for imposition of anti-dumping duty on imports of Saturated Fatty Alcohols, originating in or exported from Indonesia, Malaysia, Thailand and Saudi Arabia (hereinafter also referred to as the “subject countries”).

A. Product allegedly being dumped and like Article

2. The applicant have alleged that the imports of "Saturated Fatty Alcohols with carbon chain length of C8, C10, C12, C14, C16, and C18 including single, blends and unblended (not including branched isomers) which includes blends of a combination of carbon chain lengths, C12-C14, C12-C16, C12-C18, C-16-18 and C14-C16", hereinafter also referred to as the “subject goods” from the countries named in the present notification are entering the Indian market at dumped prices and such imports are causing injury to the like product being produced by the domestic industry. Unsaturated fatty alcohols are excluded from the scope of the present investigations.
3. The above mentioned subject goods are aliphatic alcohols and occur in saturated and unsaturated forms. The general chemical formula for the product is $C_nH_{(2n+1)}CH_2OH$, where the value of "n" ranges from 7 to 17. The constituent materials of fatty alcohols are Decan-1-ol, N-Dodecanol, Tetradecanol, Hexadecan-

1-ol, Octadecanol, Eicosan-1-ol, Eicosan-1-ol. These alcohols can be grouped according to the number of carbon atoms, and most common lengths are C12, C14 and blends thereof.

4. The subject goods are produced by the reduction of methyl ester or wax ester, through the conversion of natural fats and oils. For this purpose, mostly palm kernel oil is used, although certain local oils may also be used. The production process starts with splitting of vegetable oils, such as Crude Palm Kernel Oil ("CPKO"), which is carried out at high temperature and pressure, as a continuous process. The vegetable oils/fats (non-edible) are basically triglycerides of fatty acids, which get converted to fatty acids and glycerol by the hydrolysis reaction commonly known as Fat Splitting. The crude fatty acids are then processed further, whereby they are subjected to plain/fractional distillation, at a high temperature and vacuum. This process is followed by esterification resulting from a reaction between fatty acid and fatty alcohol in an inert atmosphere to make wax ester. Pure wax-ester is then subjected to hydrogenation. This hydrogenation reaction takes place in the presence of fixed bed copper catalyst, resulting in crude fatty alcohol. The crude fatty alcohol is then distilled and purified, from which the finished product emerges.
5. The subject goods are sold in the form of flakes, pastilles, and liquids. They are mainly used for the manufacture of surfactants, for personal care, home care, pharmaceutical and agriculture related end applications. They are also used in relation to processing of articles of leather, textile, fur, pulp, paper, petroleum products, fine chemicals, rubber products, plastics and fabricated metal products. Other applications include mining, offshore operations, construction work, as a solvent and for degreasing purposes. Blends of C12-C16 fatty alcohols are additionally used as synthetic intermediate or anti-freeze and as emulsifying agent. It also finds use in the production of paints, lubricants, cosmetics, food preparations, etc.
6. Unblended fatty alcohols are classified under heading 2905.17 or 2905.19, while blended alcohols are classified under heading 3823.70. Under the heading 3823.70, they are imported under the following tariff entries:
 - a) 3823.70.10
 - b) 3823.70.20
 - c) 3823.70.40
 - d) 3823.70.90

The customs classification above is indicative only and in no way binding on the scope of the product under consideration in this investigation.

7. The applicant has claimed that there are no known material differences between the subject goods exported from the subject countries, and that produced by the domestic industry. The subject goods are commercially and technically substitutable to the products produced by the petitioner; and are bought and sold by the same consumers / manufacturers of surfactants and other products, for the same or similar applications. Therefore, for the purpose of the present investigation, the Authority has treated the subject goods produced by the applicant domestic industry

in India as 'Like Article' to the subject goods being imported from the subject country.

B. Domestic Industry & Standing

8. The application has been filed by M/s VVF India Limited (referred to as "the Domestic Industry" or "the applicant" in the present notification). The applicant is not related to the exporters or importers of the alleged dumped article. The applicant has not imported the subject goods during the period of investigation. The facts of the case establish that applicant should be considered eligible domestic industry within the meaning of Rule 2(b).
9. There is one more producer of the subject goods in India, that is, M/s Godrej Industries Limited. However, the applicant has claimed that M/s Godrej Industries Limited has imported the subject goods during the period of investigation, and thus, is not eligible to be treated as a part of domestic industry. Thus, the applicant has submitted that they account for 100% of the eligible domestic production. The applicant has provided estimates of production of M/s Godrej Industries Limited. On the basis of such estimates, it is seen that even if M/s Godrej Industries Limited is treated as eligible domestic industry, the applicant commands more than 50% of the the domestic production. Thus, the applicant constitutes domestic industry within the meaning of the term as defined in Rule 2(b) for the purpose of present investigation. Applicant accounts for a major proportion of the domestic production of the subject goods and therefore, commands the standing to file the application in terms of Rule 5(3) of the Rules. The application is deemed to have been by the domestic industry.

C. Countries to be investigated

10. The present investigation is in respect of alleged dumped imports of Saturated Fatty Alcohol from Indonesia, Malaysia, Thailand and Saudi Arabia (referred to as "the subject countries"). The volume of imports from these countries is above the de-minimis limit prescribed. Apart from the afore mentioned countries, the volume of imports from other countries is below de-minimis limits.

D. Evidence of Dumping

11. The applicant has submitted that in the absence of availability of reliable information in the public domain on domestic prices of the subject goods in the subject countries, the normal values in the subject countries have been determined on the basis of estimates of cost of production, taking into account cost of raw materials and utilities, and conversion costs of the domestic industry, and duly adjusted to include selling, general & administration expenses, and a reasonable profit.
12. The applicant has claimed ex-factory export price on the basis of transaction wise

import data procured from International Business Information Services (IBIS), a secondary source, for the period of investigation and after due adjustments on account of ocean freight, marine charges, port expenses, commission, bank charges and inland freight expenses.

13. The normal values and export prices determined show that there is sufficient prima facie evidence that the subject goods are being exported from the subject countries to India at a price significantly higher than normal value and the dumping margins are above de-minimis.

E. Evidence of Injury and Causal Link

14. The applicant has claimed that domestic industry has suffered material injury from dumped imports as shown by various parameters such price depression, price undercutting, price underselling and consequent adverse impact on production, inventories, profitability, return on capital employed and cash flow of the domestic industry. The applicant has claimed that domestic industry has earlier suffered serious injury due to increased imports of the subject goods in India and the domestic industry was in the process of recovering from the serious injury earlier suffered. The exporters in subject countries have however started dumping of the product after imposition of safeguard duty, which has prevented recovery of the domestic industry and the domestic industry continues to suffer injury. Production, capacity utilisation and market share of the domestic industry in the investigation period are at a level below the levels registered earlier before surge in imports. The applicant has also submitted that the present safeguard duty shall expire in Feb., 2017 and the domestic industry shall suffer intensified injury once the present safeguard duty ceases. There is sufficient prima facie evidence of 'injury' being suffered by the domestic industry caused by alleged dumped imports from the subject countries to justify initiation of an antidumping Investigation.

F. Initiation of the Investigation

15. Having regard to the above Rules, the Authority finds sufficient prima facie evidence of dumping of the subject goods, originating in or exported from the subject countries; injury to the domestic industry and causal link between the alleged dumping and injury, to justify initiation of an anti-dumping investigation to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the 'injury' to the domestic industry. Accordingly, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of Para 5 of the Rules.

G. Period of Investigation (POI)

16. The applicant has proposed the period of investigation (POI) for the purpose of present investigation from 1st April, 2015 to 30th June, 2016 (15 months). However, M/s VVF was 100% E.O.U. during this period Authority has considered

the POI as 1st April, 2016 to 31st March, 2017 (12 months) so as to undertake dumping and injury analysis on the basis of most recent data. The injury investigation period covers the data of previous three years, i.e. 2012-13, 2013-14, 2014-15 and the period of investigation (1st April, 2016 to 31st March, 2017).

H. Submission of information

17. The known exporters in the subject countries, the Government of the subject countries through their embassies in India, the importers and users in India known to be concerned with the product are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address, so as to enable the Authority make appropriate determinations in a timely manner:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Department of Commerce
4th Floor, Jeevan Tara Building,
5 Parliament Street,
New Delhi -110001 dgad.india@gov.in

18. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner (downloadable from the website of the Authority at www.dgtr.gov.in) within the time limit set out below.

I. Time limit

19. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter within 2 weeks from the date of this notification and file their questionnaire responses and offer their comments to the domestic industry's application within forty days (40 days) from the date of publication of this Notification. The information must be submitted in hard copies as well as soft copies.
20. The exporters/importers and other interested parties, being notified individually, may file their responses within forty days (40 days) from the date of the letter of intimation to be addressed to them separately.
21. Any information relating to the present investigation and any request for hearing should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 Days) from the date of publication of this Notification. 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.
22. If no information is received from an interested party 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.

J. Submission of Information on Non-Confidential basis

23. The parties making any submission (including Appendices/Annexure attached thereto), before the authority, including questionnaire response on confidential basis, are required to file a non-confidential version of the submissions made, which will be made available to all other interested parties to make their comments. Soft copies of both the versions are required to be submitted, along with the hard copies, in two (2) sets of each.
24. The “confidential” or “non-confidential” submissions must be clearly marked so 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.
25. The confidential version may contain all information which are by nature confidential and/or other information which the supplier of such information claims as business proprietary information, disclosure of which will adversely affect the commercial interests of the supplier of such information. For information which is 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.
26. 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, the information may be 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, 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. 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.
27. 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 not willing to make the information public, or to authorize its disclosure in generalized or summary form, it may disregard such information. 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.

K. Inspection of Public File

28. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties to the investigation.

L. Non-cooperation

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

Dr. Inder Jit Singh
Additional Secretary & Designated Authority