



ANTI DUMPING DUTY

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DUMPING

- Dumping denotes exporting to a country at an EXPORT PRICE below the NORMAL VALUE of the product.
- NORMAL VALUE is the domestic price for the product in the Exporter's country.
- DUMPING MARGIN – is the difference between NORMAL VALUE and EXPORT PRICE.
- Dumping Margin = (Normal value – Export price)

DUMPING PER SE, NOT ACTIONABLE

- There is nothing illegal in dumping.
- It is recognized that products can be sold at different prices at different times to different customers in different markets.
- In the case of exports, it is recognized that frequently, export price will be less than the normal domestic selling price for the product in the country of import.
- But when DUMPING causes MATERIAL INJURY to DOMESTIC INDUSTRY and the CAUSAL LINK is established, remedy can be sought against dumping.

ANTI DUMPING DUTY

- Anti Dumping Duty can be imposed by the Central Government under Sec 9A , 9B and 9C of Customs Tariff Act 1975 when Dumping causes or threatens to cause material injury to the domestic industry.
- The Anti dumping duty may be on Ad-Valorem basis or specific duty basis.
- ADD is imposed on a source specific basis.

EFFECTS OF DUMPING CONSIDERED

- Two effects of dumping are considered : (i) Volume effect (ii) Price effect.
- **VOLUME EFFECT** : The effect due to increase in volume of dumping as compared to volume of production/ consumption in India.
- **PRICE EFFECT** : Existence of price undercutting in imports. Extent to which dumping is causing price depression in India. Extent to which dumping prevents increasing domestic price when actually the cost of production has increased.

EVIDENCE OF INJURY

- **Decline in profits**
- **Decline in sales volume**
- **Decline in capacity utilization**
- **Decline in employment**
- **Decline in wages**
- **Decline in ROI**
- **Cash flow problems**
- **Inventories**
- **Inability to raise capital**
- **Loss of market share**
- **Decline in productivity**

SAFEGUARD VS ANTIDUMPING DUTY

- Safeguard is a restriction on imports to protect the domestic industry.
- Safeguard may be by levying safeguard duty on imports or by quantity restrictions on imports.
- When imports severely threaten the existence of domestic industry, safeguard may be imposed.
- But normally Antidumping duty is imposed when there is injury to the domestic industry.
- Safeguard requires more severe threats to be established.

DOMESTIC INDUSTRY

- Domestic industry can be represented by any producer having capacity of atleast 25% of the domestic capacity.
- Indian producers whose collective output represents a major proportion of total domestic production.
- Indian producers who are related to exporters/ importers or who themselves import shall be deemed not to be part of the domestic industry.

RELIEF TO DOMESTIC INDUSTRY

- Relief to domestic industry suffering injury from dumping may be in the form of :
 - 1. Anti dumping duty – on source specific basis (advalorem or specific duty)
 - 2. Price undertakings – If an undertaking is executed by the exporter that his price will be revised to remove dumping or injurious effect to domestic industry, ADD investigations may be suspended/terminated.

LESSER DUTY RULE

- Dumping margin = Normal value – Export price
- Injury margin = Fair domestic selling price – Landed value (Landed value is the Assessable value + Basic customs duties as per Customs tariff act 1975 for unit quantity)
- The Lesser duty rule is followed. .i.e. ADD imposed will be equal to margin of dumping or injury margin, whichever is less.

PERIOD OF INVESTIGATION (POI) FOR ADD

- Even though there are no norms written , as a practice, **minimum 6 months period** will be considered for ADD investigations to establish injury.
- The period shall be recent period.

THE INVESTIGATION PROCESS

1. Preliminary screening of application submitted by Domestic industry
2. Deficiency letter is issued (within 20 days) if any deficiency is noticed in the application and other documents/ evidences submitted.
3. Public notice is put up. The diplomatic representative of the exporter country is informed .
4. Initiation notice is given 45 days in advance.
5. Authority compiles a 'public file' containing non-confidential data/ documents submitted by various interested parties and makes it available for reference of the concerned.

THE INVESTIGATION PROCESS

6. Preliminary findings – within 150 days of initiation.
7. Provisional ADD may be imposed in case of prima facie evidence regarding injury. (after 60 days of initiating investigation). This will be applicable for 6 months, extendable by 3 months.
8. Oral evidence – Opportunity given to interested parties for oral evidence. However oral evidence should be subsequently submitted in writing. Oral hearing is permitted any time during the investigation.

THE INVESTIGATION PROCESS

- 9. Final determination : Made within 150 days of the preliminary findings.
- 10. Disclosure of information : The designated authority will inform all parties of the essential facts which form the basis of the final decisions before the final finding is made.
- 11. Time limit for investigation : 1 year – which can be extended by 6 months by Central Govt.
- 12. The authority may terminate the investigation incase of not finding any evidence of injury to the domestic industry.

VALIDITY

- ADD shall have a validity of 5 years from the date of imposition unless revoked otherwise.

THE END

- Thank you