Anti-dumping duty body rules in favour of Japanese firm's India arm
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In a relief to Tokyo ahead of Prime Minister Narendra Modi's visit, the commerce ministry's trade remedies wing has ruled in favour of the Japanese company Mitsubishi Chemical Corporation's (MCC) local affiliate.

Acting on an application by MCC PTA India and Reliance Industries (RIL), the Directorate General of Anti-Dumping and Allied Duties (DGAD), re-designated as Directorate General of Trade Remedies, in a June 19 notification said pending completion of its probe, it recommends imposition of provisional anti-dumping duty ranging from $19.05-$117.09 per MT on purified terephthalic acid (PTA) originating in or exported to India from China, South Korea, Thailand and the European Union.

The Haldia-based PTA plant of MCC's India affiliate in West Bengal is among the largest foreign direct investments in India with investments of over $500 million (around Rs 3,400 crore). Tokyo had been demanding the imposition of anti-dumping duty to protect MCC's interests by preventing "artificially cheap/unfairly low-priced" imports of PTA from the above countries.

The duty is meant to offset such 'dumping' and the consequent 'injury' to domestic PTA producers, including MCC PTA India and RIL. PTA is a primary raw material used to make polyester chips, which has many applications in textiles, consumer goods, packaging, furnishings, coatings and resins.

As reported by FE earlier, the industrial users of PTA had petitioned the commerce ministry against the dumping duty, saying the PTA imports were already taxed at 5% despite a domestic shortage. An anti-dumping duty in addition to the import duty would raise the import tariff to a higher level and would be "disastrous" for the industrial users, which are already struggling to pass on the rising costs to downstream consumers, they said.

The PTA users, including Indo Rama Synthetics, Filatex India, JBF Industries and Shubhalakshmi Polyesters, argue that the high cost of this key input could further undermine India's export competitiveness in synthetic textiles that form major chunk of the global textile and clothing market, the FE report had said.

The DGAD said in its provisional findings that PTA was exported to India from these countries below its normal value, resulting in dumping.

The DGAD said the PTA prices in India were suppressed due to 'dumped' imports, as the domestic industry was not able to increase its prices in proportion to increase in costs. Noting that the domestic industry suffered material injury due to such dumping, the DGAD said an "adverse impact" of dumping was seen in their growth in production, sales, capacity utilization, profits, cash profits, return on capital employed, market share and inventory.

However, it said interested parties can submit comments on the preliminary findings within forty days of the notification to be considered in the final findings. The DGAD recommendation has been forwarded to the finance ministry for imposition of the duty, commerce ministry sources told FE.

RIL and MCC PTA India account for over 70% of India's PTA production, with the latter having a quarter of the market share in India for the product.