**Letter from the Department (Bureau) of the Ministry of Commerce of the People's Republic of China**

Shang Jiu Ji Jin San Ju Han [2022] No. 50

**Letter on Disclosure of Preliminary Ruling of Anti dumping Case of Phthalocyanine Pigments**

Embassy of India in China,

The Trade Remedy and Investigation Bureau of the Ministry of Commerce of the People's Republic of China presents its compliments to the Embassy of India in China.

On March 1, 2022, the Ministry of Commerce of the People's Republic of China issued Announcement No. 7 of 2022, deciding to conduct anti-dumping investigation on imported phthalocyanine pigments originating in India. On October 31, 2022, the Ministry of Commerce made a preliminary ruling on this case.

In accordance with the provisions of the “Anti dumping Regulations of the People's Republic of China” and the “Interim Rules for the Disclosure of Information on Anti dumping Investigations”, the basic facts on which the preliminary ruling of this case is based are disclosed (see the annex). The basic facts on which the preliminary ruling of this case is based are placed in the Trade Remedy Public Information Reference Room of the Ministry of Commerce for all interested parties to inquire.

**If you have any comments, please submit the electronic version through the "Trade Remedy Investigation Informatization Platform" (https://etrb.mofcom.gov.cn/) within 10 days after the disclosure, and submit the paper version to our bureau. The electronic version and the paper version shall have the same content and the same format. If it is considered that there are contents in the comments that need to be kept confidential, an application for confidential treatment shall be submitted and the reasons shall be stated. A non confidential summary shall be provided for the information that requires confidential treatment. If a non confidential summary cannot be provided under special circumstances, the reasons shall be stated.**

Best regards,

Annex: Basic facts on which the preliminary ruling of the anti-dumping case of phthalocyanine pigments is based

Trade Remedy and Investigation Bureau of the Ministry of Commerce

October 31, 2022

Annex

**Basic facts on which the preliminary ruling of the anti-dumping case of phthalocyanine pigments is based**

According to the provisions of the Anti dumping Regulations of the People's Republic of China (hereinafter referred to as the Anti dumping Regulations), on March 1, 2022, the Ministry of Commerce (hereinafter referred to as the investigating authority) issued a notice, deciding to initiate an anti dumping investigation on the imported phthalocyanine pigments (hereinafter referred to as the investigated products) originating in India.

The investigating authority investigated whether there was dumping and dumping margin of the investigated products, whether the investigated products caused damage to the domestic phthalocyanine pigment industry and the extent of damage, and the causal relationship between dumping and damage.

On October 31, 2022, the investigation authority made a preliminary ruling. The basic facts on which the preliminary ruling is based are disclosed as follows:

1. **Investigation procedures**
2. **Filing and notification**
3. **Filing**

On January 18, 2022, China Dye Industry Association (hereinafter referred to as the applicant), on behalf of the domestic phthalocyanine pigment industry, formally filed an application for anti-dumping investigation on imported phthalocyanine pigments originating in India with the investigating authority.

After reviewing the application materials, the investigating authority believed that the application of this case was in conformity with the provisions of Articles 11, 13 and 17 of the “Anti dumping Regulations” on the application of Chinese domestic industries for anti-dumping investigations. At the same time, the application contains the contents and relevant evidence required for the initiation of anti-dumping investigations under Articles 14 and 15 of the “Anti dumping Regulations”.

According to the above review results and the provisions of Article 16 of the “Anti dumping Regulations”, the investigating authority issued a notice on March 1, 2022, deciding to initiate an anti-dumping investigation on imported phthalocyanine pigments originating in India. The dumping investigation period is from October 1, 2020 to September 30, 2021, and the industrial injury investigation period is from January 1, 2017 to September 30, 2021.

1. **Notice of filing**

Before deciding to initiate an investigation, according to Article 16 of the “Anti dumping Regulations”, the investigating authority notified the Indian Embassy in China of the receipt of the application for anti-dumping investigation of the domestic phthalocyanine pigment industry.

On March 1, 2022, the investigating authority issued the filing announcement, and officially provided the public text of the filing announcement and application to the Indian Embassy in China. On the same day, the investigating authority informed the applicant of the case and the Indian enterprises listed in the application.

1. **Public information**

In the case filing announcement, the investigating authority informed the interested parties that they could download the public information related to the anti-dumping investigation on the website of the Trade Remedy Investigation Bureau of the Ministry of Commerce or visit the Trade Remedy Public Information Reference Room of the Ministry of Commerce.

On the day of filing, the investigating authority disclosed the public version of the application submitted by the applicant of the case through the Trade Remedy Public Information Reference Room of the Ministry of Commerce, and published the electronic version on the website of the Ministry of Commerce.

1. **Investigation before preliminary ruling**
2. **Register to participate in the survey**

Within the specified time, Indian manufacturers HEUBACH COLOUR PRIVATE LIMITED, Asahi Songwon Colors Limited, Choksi Colours Pvt Ltd, Choksi Exports, Choksi Organics Pvt Ltd, Dhanveen Pigments Pvt. Ltd., Lona Industries Limited, Mazda Colours Ltd, Meghmani Organics Co., Ltd, Narayan Organics Pvt Ltd, Phthalo Colours & Chemicals (India) Limited, Ramdev Chemical Industries, Riverside Industries Ltd, Subhasri pigments Pvt Ltd, Sudarshan Chemical Industries Limited, Unilex Colours and Chemicals Ltd, domestic manufactures SUNLOUR PIAMENT CO., LTD., Anhui Shenlanhua Color Co., LTD., JECO(QROUP)LTD., Meilida Pigment Industry Co.,Ltd, Jiujiang Qicai Pigment Co., Ltd registered with the investigating authority to participate in the investigation according to the requirements of the case filing announcement.

1. **Sampling**

Due to the large number of enterprises involved in the investigation, the investigating authority decided to conduct an anti-dumping investigation by sampling in accordance with Article 20 of the “Anti dumping Regulations” and the “Provisional Rules for Sampling of Anti dumping Investigations”.

On March 25, 2022, the investigating authority issued the Notice on Issuing Sampling Questionnaires for Anti dumping Cases of Phthalocyanine Pigments, and distributed dumping sampling questionnaires to all interested parties. The investigating authority published the notice of issuing the dumping sample questionnaire and the electronic version of the questionnaire on the website of the Trade Remedy and Investigation Bureau of the Ministry of Commerce, and any interested party may consult and download the questionnaire on the relevant website. On the same day, the investigating authority also notified all interested parties registered to participate in the investigation and the Embassy of India in China. Within the specified time limit, the investigating authority received the answer to the dumping sampling questionnaire submitted by Indian manufacturers HEUBACH COLOUR PRIVATE LIMITED, Asahi Songwon Colors Limited, Choksi Colours Pvt Ltd, Choksi Exports, Choksi Organics Pvt Ltd, Dhanveen Pigments Pvt. Ltd., Lona Industries Limited, Mazda Colours Ltd, Meghmani Organics Limited, Narayan Organics Pvt Ltd, Phthalo Colours & Chemicals (India) Limited, Ramdev Chemical Industries, Riverside Industries Ltd, Subhasri pigments Pvt Ltd, Subhasri pigments Pvt Ltd, Sudarshan Chemical Industries Limited, Unilex Colours and Chemicals Ltd, Navpad Pigments Pvt Ltd, AksharChem (India) Limited, Kesar Petroproducts Limited.

The investigating authority reviewed the answers to the relevant dumping sampling questionnaire, and preliminarily decided to sample based on the answers to the dumping sampling questionnaire received. The Indian producers who submitted the answers to the dumping sampling questionnaire were ranked from large to small according to the number of products under investigation exported to China during the dumping investigation period (combined calculation of related companies) reported by them, and the top three companies with the largest export volume were selected as the sampled companies. On April 7, 2022, the investigating authority issued the Notice on Sampling of Anti dumping Cases of Phthalocyanine Pigments, informing all interested parties of the preliminary sampling plan, results and relevant information, and soliciting public comments. As of the deadline for submission of comments, no interested party raised objections to the sampling plan and results. On April 15, 2022, the investigating authority issued the Notice on Issuing the Questionnaire for Foreign Exporters or Producers in the Anti dumping Case of Phthalocyanine Pigments, and decided to sample according to the sampling plan in the Notice on Sampling Related to the Anti dumping Case of Phthalocyanine Pigments. The companies finally selected were Meghmani Organics Limited, Ramdev Chemical Industries and Danveen Pigments Pvt. Ltd.

1. **Distribution and collection of questionnaires**

On March 29, 2022, the investigating authorities issued the "Notice on the Distribution of Questionnaires for Domestic Producers and Domestic Importers in the Anti-dumping Case of Phthalocyanine Pigments", and distributed the "Questionnaire for Domestic Producers" and "Questionnaire for Domestic Importers" to interested parties. On April 15, 2022, the investigating authorities issued the Notice on the issuance of Questionnaires for Foreign Exporters or Producers of the Anti-dumping Case against Phthalocyanine Pigments, and issued Questionnaires for Foreign Exporters or Producers to interested parties. In the notice, the investigation agency asked the interested parties to submit accurate and complete answers within a specified time. The investigation authorities will publish the notice of issuing the questionnaire and the electronic version of the questionnaire on the sub-website of the Trade Remedy and Investigation Bureau of the website of the Ministry of Commerce. Any interested party may consult and download the questionnaire on the relevant website. On the day of the questionnaire distribution, the investigation agency also notified all the interested parties who registered to participate in the survey and the Embassy of India in China.

Within the specified time limit, Indian manufacturers Meghmani Organics Limited, Ramdev Chemical Industries, Dhanveen Pigments Pvt. Ltd. and domestic manufacturers SUNLOUR PIAMENT CO., LTD., Anhui Shenlanhua Color Co., LTD., JECO(QROUP)LTD., Meilida Pigment Industry Co.,Ltd, Hengshui Berit Chemical Industry Co., Ltd. and Jiujiang Qicai Pigment Co., Ltd applied to the investigating authority for postponing the submission of relevant questionnaires and stated the relevant reasons. After examination, the investigating authority agreed to grant an appropriate extension. By the deadline for submission of the answer, Meghmani Organics Limited, Ramdev Chemical Industries and its associated manufacturer Senfaben Co., Ltd and Dhanveen Pigments Pvt. Ltd. had submitted the answer to the questionnaire of foreign exporters or manufacturers to the investigating authority. SUNLOUR PIAMENT CO., LTD., Anhui Shenlanhua Color Co., LTD., JECO(QROUP)LTD., Meilida Pigment Industry Co.,Ltd, Hengshui Berit Chemical Industry Co., Ltd. had submitted the answer to the Questionnaire on Domestic Producers to the investigating authority.

On August 1, 2022, the investigating authority issued the Supplementary Questionnaire on Anti dumping Cases of Phthalocyanine Pigments to Meghmani Organics Limited, Ramdev Chemical Industries and Dhanveen Pigments Pvt. Ltd. Within the specified time limit, Meghmani Organics Limited, Ramdev Chemical Industries and Dhanveen Pigments Pvt. Ltd. applied to the investigating authority for an extension of the submission of relevant supplementary questionnaires and stated the relevant reasons. After examination, the investigating authority agreed to grant an appropriate extension. By the deadline for submission of the supplementary questionnaire, Meghmani Organics Limited, Ramdev Chemical Industries and Dhanveen Pigments Pvt. Ltd. had submitted the supplementary questionnaire to the investigating authority.

1. Tariff code of the investigated product

On June 15, 2022, the applicant submitted the “Request of the Applicant in the Anti dumping Case of Phthalocyanine Pigments to Increase the Relevant Tariff Number”, claiming that the phthalocyanine pigments in retail shape and or retail packaging are included in 32129000 of the Import and Export Tariff of the People's Republic of China, requesting that the tariff code of the investigated product be increased by 32129000 on the basis of 32041700 listed in the filing announcement, and the corresponding tariff code adjustment will not change the scope of the investigated product.

On June 17, 2022, the investigating authority issued the “Notice on the Applicant Submitting the Request for Increasing the Tariff Code of the Products under Investigation in the Phthalocyanine Pigment Anti dumping Case”, informing all interested parties to consult the relevant documents submitted by the applicant through the Trade Remedy Public Information Consulting Room of the Ministry of Commerce and the Trade Remedy Investigation Information Platform (https://etrb.mof com.gov.cn), and to submit comments and answers that need to be modified due to the adjustment of relevant tariff code. Within the specified time, no interested party submitted comments on the relevant tax number adjustment, nor did any interested party submit the content of the answer sheet that needs to be modified due to the relevant tariff code adjustment. The investigating authority examined the relevant materials submitted by the applicant, and temporarily decided to accept the applicant's claim to increase the tariff code in the preliminary determination.

**5. Receive comments from interested parties.**

On June 15, 2022, the applicant submitted the Request of the Applicant in the Anti dumping Case of Phthalocyanine Pigments to Increase the Relevant Tariff Number.

On August 24, 2022, Meghmani Organics Limited., Ramdev Chemical Industry and Danwen Pigment Private Co., Ltd. submitted the Comments on Substantial Damage and Causality of Phthalocyanine Anti dumping Case.

On October 8, 2022, the applicant submitted the Comments of the Applicant in the Anti dumping Case of Phthalocyanine Pigments on the Defenses of India's Relevant Respondents for Damage and Causality.

**6. On site inspection before preliminary determination.**

According to the provisions of Article 20 of the Anti dumping Regulations, on August 16, 2022, the investigating authority conducted a field inspection on the domestic producer Shuangle Pigment Co., Ltd. before the preliminary determination. The investigating authority inspected the production site of the inspected enterprise and checked the relevant information in the materials submitted by the enterprise.

**7. Public information.**

In accordance with the provisions of Article 23 of the Anti dumping Regulations, the investigating authority has promptly sent all public materials of the case received and produced during the investigation to the Trade Remedy Public Information Reference Room of the Ministry of Commerce. All interested parties may search, read, transcribe and copy relevant public information.

**II. Products under investigation**

Scope of investigation: Imported phthalocyanine pigments originating in India.

Name of the investigated product: phthalocyanine pigments.

English name: Phthalocyanine, or Phthaloc ya n in e Pig men t, Pa t h a loc ya n in e Pig men t.

Product description: Phthalocyanine pigment is an organic compound with four planar macrocyclic molecules of isoindoline structure, whether refined or pigmented. The refined or pigmented phthalocyanine pigments have bright colors, strong coloring power, excellent weather resistance, heat resistance, solvent resistance, acid resistance and alkali resistance, and are insoluble in conventional organic solvents.

Main uses: Phthalocyanine pigments can be used for coloring products such as coatings, paints, inks, plastics, rubber, synthetic fiber pulps, and as raw materials for some dyes (such as direct light resistant blue G L, reactive blue K - G L, etc.). They also have specific production uses in optical recording media, filters, and other fields. The products are widely used in construction, decoration, automobile, electronic appliances, packaging and printing, chemical fiber textile, photoelectric and other fields. This product is included in the Import and Export Tariff of the People's Republic of China: 320041700 and 32129000. Products other than phthalocyanine pigments under the above tax number are not included in the scope of this investigation.

**III. Dumping and margin of dumping**

1. **Preliminary identification of normal value, export price and adjustment items.**

**Meghmani Organics Limited**

1. **Normal value.**

The investigating authority preliminarily reviewed the model classification of the company's investigated products and similar products. The company advocates to divide the models according to the physical and chemical characteristics of the products, and then subdivide them according to the media/use within each model. After review, the investigating authority found that the company did not provide sufficient evidence to support the internal subdivision standard of each model according to the media/use, and the subdivision results also intersected. Therefore, in the preliminary determination, it temporarily decided to partially accept the company's model division proposition, and classify the models according to the physical and chemical characteristics of the products.

The investigating authority preliminarily reviewed the company's sales in India. According to the review, during the dumping investigation period, the domestic sales volume of the Company's products of the same type accounted for more than 5% of the corresponding volume of the products under investigation exported to China in the same period, which met the quantity requirements as the basis for determining the normal value. During the dumping investigation period, the Company sold similar products to related customers and non related customers in India, and there was a significant difference between related sales prices and non related sales prices of some models of products. The investigating authority temporarily decided in the preliminary determination that the normal value of some models with significant differences between related sales prices and non related sales prices should be determined on the basis of the Indian domestic sales of similar products after excluding related transactions; For other models, the normal value is determined on the basis of all domestic sales of the company in India.

The investigating authority preliminarily reviewed the production cost and expense data and relevant supporting documents submitted by the company. As for the production cost, the investigating authority reviewed the cost data filled in by the company, decided to temporarily accept it in the preliminary determination, and consolidated the relevant cost data according to the re identified product model. With regard to expenses, the investigating authority found after examination that the total amount of expenses reported by the Company in Table 6-3 "Product Costs and Related Expenses" could not be cross checked with Table 6-5 "Profitability", and Table 6-3 did not provide a detailed explanation of the specific reporting process as required, nor did it explain the reasons for the significant difference between the data in Table 6-5, The investigating authority was unable to judge the completeness and accuracy of the total cost in Table 6-3 and the cost amount apportioned to each model of product, and decided not to accept the cost data in Table 6-3 in the preliminary determination. The investigating authority checked the expense data in Table 6-5 with Table 6-6 "Detailed Statement of Administrative Expenses Distribution", Table 6-7 "Detailed Statement of Sales Expenses Distribution", Table 6-8 "Detailed Statement of Financial and Other Expenses Distribution", Table 6-8 (Others) "Detailed Statement of Depreciation and Amortization Expenses Distribution", and Table 6-8 "Expense Draft", and found that the data could be cross checked through preliminary examination, Therefore, it was decided to temporarily allocate the expenses according to the sales revenue proportion of the re identified product model in the preliminary determination based on the data in Table 6-5.

Based on this, the investigating authority tested whether the similar products of the company were sold below cost in India. According to the review, during the dumping investigation period, the number of products of some models sold below cost in India accounted for more than 20% of the total domestic sales. In accordance with the provisions of Article 4 of the Anti dumping Regulations, the investigating authority temporarily decided in the preliminary determination that, on the basis of excluding the related party transactions of some models of products, for the models whose sales proportion is more than 20% lower than the cost, the domestic sales which are lower than the cost shall be excluded as the basis for determining the normal value; For other models whose sales ratio is less than 20% of the cost, the normal value shall be determined on the basis of all domestic sales.

1. **Export price.**

The investigating authority preliminarily reviewed the company's export of the investigated products to China. The Company maintains that the Company has generally determined the material conditions of sales when signing the export sales contract. Since the time difference between the contract date and the invoice date is generally large at the time of export, but not obvious at the time of domestic sales, for fair comparison, the date of signing the contract is taken as the sales date of exporting the investigated products to China. The investigating authority reviewed the reply information submitted by the company on the contract date, invoice date, sales date confirmation method, price policy, etc. for the sale of the investigated products and similar products in different markets, and found that when the company exports and sells similar products to other countries (or regions) ranking top three outside China and sells similar products in India, the invoice date is taken as the sales date, There is also a time difference between the contract date and the invoice date. Although the time difference is generally shorter than the export time when selling in India, it still exists substantially and should not be ignored. The answer shows that the company has taken various influencing factors into account when determining the sales price of products. Therefore, the investigating authority believes that it is more consistent with the principle of fair comparison that the Company sells the investigated products to different markets and the same sales date confirmation method for similar products. In the preliminary determination, the invoice date is temporarily used as the sales date of the Company's export of the investigated products to China.

The investigating authority preliminarily reviewed the related party transactions of the Company. Upon review, during the dumping investigation period, the Company exported the investigated products to non affiliated customers in China. In the preliminary determination, the investigating authority temporarily decided that, on the basis of taking the invoice date as the sales date, and in accordance with Article 5 of the Anti dumping Regulations, the sales price between the company and non affiliated customers in China was taken as the basis for determining the export price.

1. **Price adjustment.**

In accordance with Article 6 of the Anti dumping Regulations, the investigating authority reviewed the adjustment items of the company that affect the comparability of prices one by one in order to make a fair and reasonable comparison.

1. **Normal value part**

As for the adjustment items of normal value, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland insurance premium, credit fee, commission, etc. in the preliminary determination.

For inland freight - factory to distribution warehouse, inland transportation - factory/warehouse to customer, the investigating authority found after review that the transportation contract provided by the company was actually a quotation of some transportation companies rather than a formal agreement signed and sealed by both parties, and some transportation costs needed to be allocated between different products and transactions, but no allocation calculation sheet was provided. The freight amount of transactions filled in by the company could not be cross checked with the corresponding sales certification materials, Therefore, relevant adjustment claims are not accepted in the preliminary determination.

As for trade link adjustment and indirect sales expenses, the investigating authority found after review that the company did not provide evidence on the basis and amount of adjustment it claimed, nor did it provide evidence on the fair comparison of export prices and normal values affected by the relevant adjustment items, so it temporarily refused to accept the relevant adjustment claims in the preliminary determination.

**(2) Export price.**

With regard to export price adjustment items, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland transportation - factory/warehouse to export port, inland insurance premium, international air freight, international sea freight, port handling charge, packaging cost, credit cost, commission, currency exchange, etc. in the preliminary determination.

For export tax rebate, the investigating authority found after examination that the company did not provide supporting evidence such as the domestic law and Chinese translation on which the export tax rebate was based, the supporting documents on which the tax rebate was obtained for the export of the investigated products to China, and the calculation sheet on which the corresponding tax rebate was specifically allocated to each transaction, nor did it provide evidence on the fair comparison between the export price and the normal value affected by the relevant adjustment items, Therefore, relevant adjustment claims are not accepted in the preliminary determination.

As for the tax rebate preference of India's commodity export plan, tariff reduction and exemption preference of export commodities, and indirect sales expenses, the investigating authority found after review that the company did not provide evidence materials on the basis and amount of adjustment it claimed, nor did it provide evidence materials on the fair comparison between the export price and the normal value affected by the relevant adjustment items, so it temporarily refused to accept the relevant adjustment claims in the preliminary determination.

**4. About CIF price.**

After preliminary examination, the investigating authority decided to temporarily accept the CIF price data of the Company in the preliminary determination.

**Ramdev Chemical Industries**

**1. Normal value.**

The investigating authority preliminarily reviewed the model classification of the company's investigated products and similar products. After examination, the investigating authority found that the company divided the models according to the physical and chemical characteristics of the products under investigation and similar products, and further subdivided them within each model. However, the company did not provide subdivision standards, and the subdivision results also intersected. Therefore, the investigating authority temporarily accepted the company's model division proposal in the preliminary determination, and divided the models according to the physical and chemical characteristics of the products.

The investigating authority preliminarily reviewed the company's sales in India. After examination, during the dumping investigation period, some of the domestic sales transactions reported by the company were export transactions and outsourcing similar products for resale, and the investigation authority temporarily excluded the above transactions when determining the normal value. On the basis of excluding the above transactions, the domestic sales volume of similar products of all models of the Company accounted for more than 5% of the corresponding volume of the investigated products exported to China in the same period, which met the quantity requirements as the basis for determining the normal value. During the dumping investigation period, the Company sold similar products to non associated end-users and non associated traders in India. The investigating authority temporarily decided to determine the normal value on the basis of all remaining domestic sales in India of the company, excluding export transactions and related transactions of outsourcing similar products for resale.

The investigating authority preliminarily reviewed the production cost and expense data and relevant supporting documents submitted by the company.

As for production costs, according to the Company's response, two affiliated companies provided labor contracting services involving the investigated products and similar products to them during the dumping investigation period.

The labor contract cost of one related company is reported in the company's answer sheet 6-4 (labor contract); Another affiliated company, Senfaben, submitted the answer sheet of an independent affiliated manufacturer and filled in the cost in Table 6-3. After examination, the investigating authority found that the company's answer sheet 6-4 (labor contracting) only reported the production costs related to labor contracting of affiliated companies, but did not report the related expenses and profits; Table 6-3 of Moribaben's answer sheet also reported the costs of labor contracting and self production of the investigated products without explanation, and the investigating authority could not identify the costs related to labor contracting. In addition, when the Company filled in the production cost of the Company in Table 6-4, the labor contract cost of affiliated companies in Table 6-4 (labor contract), and Senfaben filled in the cost expense in Table 6-3 of its independent answer, the Company adopted different model classification methods and naming methods for the investigated products and similar products, which led to the investigation authority being unable to verify which models of the investigated products and similar products of the Company involved in the related labor contract transaction, It is impossible to judge whether the labor contract expense included in the production cost of the company reflects the market price reasonably. The investigation authority issued a supplementary questionnaire to the company, requiring the company to further explain the situation related to labor contracting and submit evidence materials. After review, the company failed to explain the specific way of labor contract transaction, the product model involved in labor contract, the cost accounting and financial accounting methods for payment of labor contract fees, failed to provide evidence materials such as labor contract, relevant warehouse in and warehouse out records, and payment certificates as required, failed to explain the articulation relationship between labor contract fees and transaction details as required in the company's response, and the investigation authority found that, The amount of labor contracting expenses reported in Table 6-4 of the Company's answer sheet is inconsistent with the amount incurred in the financial subsidiary ledger submitted by the Company, and the investigating authority still cannot know about the participation of the related labor contracting companies in the production of the investigated products and similar products, and cannot confirm the accuracy and rationality of the related labor contracting expenses of the Company, thus it is impossible to judge the authenticity, accuracy and integrity of the company's production costs.

According to the company's response, the company purchased raw materials during the dumping investigation period, and the company provided the production cost of the raw materials produced by its affiliated companies. After review, the investigating authority found that although the company provided the production cost of the raw material, it did not provide the relevant expenses and profits. In addition, the unit production cost of the raw material in Table 6-4 of the company's response was significantly different from the unit purchase cost of the raw material in Table 6-1-1 and the unit consumption cost of the raw material in Table 6-2. The investigating authority was unable to confirm the accuracy of the cost of the company's associated procurement of raw materials, It is also impossible to judge whether the relevant costs reasonably reflect the market price

The investigating authority also found in the review that Table 6-3 "Product Cost and Related Expenses" and Table 6-4 "Production Cost Details of the Investigated Products and Similar Products" of the Company's response did not explain the specific filling process of each item in the form in detail as required. The investigating authority issued a supplementary questionnaire to the company to explain the reasons for failing to answer as required, and added the specific meanings of the cost items in Table 6-4, such as "change in work in progress", "wet cake transferred to/from other products", "branch transfer", "external sales", "change in finished products", but the company did not explain the reasons for failing to answer as required, There is also no sufficient and reasonable explanation for including the above items in the costs of the investigated products and similar products.

In addition, Table 6-3 and Table 6-4 of the Company's response did not provide complete direct materials that accounted for the top 5 values of the investigated products and similar products as required. The investigating authority issued a supplementary questionnaire to the company to explain the reasons for failing to answer as required, but the company did not provide sufficient and reasonable explanations. There are also some problems in the company's response, such as Table 6-4 does not provide the consumption quantity of direct materials as required, Table 6-1-1 does not provide the purchase cost of raw materials completely as required, and some data between Table 6-1-1, Table 6-2 and Table 6-4 cannot be cross checked.

To sum up, the investigating authority believed that the company did not provide necessary production cost information as required by the questionnaire, resulting in the investigating authority being unable to determine the authenticity, integrity and accuracy of the company's production costs for the investigated products and similar products. As for the consequences of failing to provide answers as required by the questionnaire, or failing to provide complete and accurate answers, the investigating authority gave sufficient reminders in the questionnaire and the supplementary questionnaire, and extended the time for relevant answers appropriately, but the company still did not provide the necessary information for the survey. According to Article 21 of the Anti dumping Regulations, the investigating authority temporarily decided to determine the company's production cost based on the facts already obtained and the best information available in the preliminary determination. After comparing and analyzing the information obtained in the survey, the investigating authority preliminarily decided to take the cost data of other sampled companies as the best information available, and determine the company's production cost based on this information.

With regard to expenses, the investigating authority found after examination that the total sales expenses and other expenses in Table 6-3 of the Company's response could not be cross checked with Table 6-5. Table 6-3 did not include the non cost items in Table 6-5 into the cost expenses, nor provided sufficient and reasonable explanations. The cost items in Table 6-3 were apportioned among various models of products in a way different from that described in the response. The Company did not provide explanations on the apportionment method proposed in the response, the difference between the actual allocation and the proposed allocation method is also not explained. The investigating authority was unable to confirm the completeness and accuracy of the total cost in Table 6-3, nor to judge the reasonableness of the cost allocation for each model of product, so it decided not to accept the cost data in Table 6-3 in the preliminary determination. The investigating authority checked Table 6-5 with Table 6-6 "Detailed Statement of Administrative Expenses Distribution" and Table 6-7 "Detailed Statement of Sales Expenses Distribution", and found that the data could be cross checked after preliminary examination. Therefore, in the preliminary determination, it was temporarily decided to reallocate the management expenses, sales expenses and non cost items according to the proportion of sales income, mainly based on Table 6-5 and referring to Table 6-6, Table 6-7, etc.

Based on the above adjusted cost data, the investigating authority conducted a preliminary review on whether the similar products of the Company were sold below cost in India. During the dumping investigation period, the number of products sold below cost in India accounted for more than 20% of all domestic sales. In accordance with the provisions of Article 4 of the Anti dumping Regulations, the investigating authority temporarily decided to exclude the domestic sales below cost as the basis for determining the normal value on the basis of the exclusion of export transactions and related transactions of outsourcing similar products for resale.

**2. Export price.**

The investigating authority preliminarily reviewed the company's export of the investigated products to China. The Company claims that the date of signing the contract shall be the sales date of the investigated products exported to China. After examination, the investigating authority found that the company did not provide sufficient and reasonable explanations on relevant claims, and when the company exported and sold similar products to other top three countries (or regions) outside China and sold similar products in India, the invoice date was taken as the sales date. The investigating authority believed that, based on fair comparison, the Company should adopt the same sales date confirmation method when selling the investigated products and similar products to different markets. Therefore, in the preliminary determination, the invoice date is temporarily used as the sales date of the Company's export of the investigated products to China. In addition, some of the export sales transactions reported by the Company are outsourcing similar products for resale, and the investigation authority temporarily excludes the above transactions when determining the export price.

The investigating authority preliminarily reviewed the related party transactions of the Company. Upon review, during the dumping investigation period, the Company exported the investigated products to non affiliated traders in China. In the preliminary determination, the investigating authority tentatively decided that, on the basis of taking the invoice date as the sales date and excluding the related transactions of outsourcing similar products and reselling, the sales price between the company and non affiliated customers in China was taken as the basis for determining the export price in accordance with Article 5 of the Anti dumping Regulations.

**3. Price adjustment.**

In accordance with Article 6 of the Anti dumping Regulations, the investigating authority reviewed the adjustment items of the company that affect the comparability of prices one by one in order to make a fair and reasonable comparison.

**(1) Normal value part.**

As for the adjustment items of normal value, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland insurance premium, credit cost, etc. in the preliminary determination.

For inland transportation - from factory/warehouse to customer and commission, the investigating authority found that the company did not provide any supporting materials for its adjustment claim after review, so it temporarily refused to accept the relevant adjustment claim in the preliminary determination.

As for trade link adjustment, the investigating authority found after examination that the company did not provide supporting materials on the basis and amount of adjustment it claimed, nor on the fair comparison between export prices and normal values affected by the relevant adjustment items, so it temporarily refused to accept the relevant adjustment claims in the preliminary determination.

**(2) Export price.**

With regard to the export price adjustment items, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland transportation - factory/warehouse to the port of export, international transportation costs, international transportation insurance premiums, port handling fees, packaging costs, currency exchange, export inspection fees, customs brokerage fees, etc. in the preliminary determination.

As for export tax rebate, the investigating authority found after examination that the company did not provide the supporting documents for actually obtaining the tax rebate as required, nor did it provide the supporting materials for the fair comparison between the export price and the normal value affected by the relevant adjustment items, so it temporarily refused to accept the relevant adjustment claims in the preliminary determination.

As for credit charges, the investigating authority found after examination that the amount and term of the loan contained in the loan contract provided by the company could only cover a relatively limited amount of exports and the dumping investigation period, and could not fully support the company's adjustment claim. Therefore, in the preliminary determination, the company temporarily used the interest rate in the credit charge adjustment item of its domestic sales to recalculate the relevant adjustment amount.

For other adjustment items (exchange gains and losses), the investigating authority found after review that the company did not provide sufficient explanations and supporting materials on the impact of exchange gains and losses on its export price formulation, thus affecting the fair comparison between export prices and normal values, so it temporarily refused to accept the relevant adjustment claims in the preliminary determination.

**4. About CIF price.**

After preliminary examination, the investigating authority decided to temporarily accept the CIF price data of the Company in the preliminary determination.

**Danwen Pigments Pvt. Ltd**

**1. Normal value.**

The investigating authority preliminarily reviewed the model classification of the company's investigated products and similar products. The company produces phthalocyanine green 7 and advocates that phthalocyanine green 7 of different brands should be classified into two product groups according to certain standards. After preliminary review, the company did not provide any technical explanatory documents for the classification standard of product groups, and did not submit the basis and supporting materials for different brands belonging to different product groups. Therefore, the investigating authority decided not to accept the proposition of product group classification in the preliminary determination.

The investigating authority preliminarily reviewed the sales of the company in India. According to the review, during the dumping investigation period, the number of similar products sold by the company in India accounted for more than 5% of the number of products under investigation exported to China in the same period, which met the quantity requirements as the basis for determining the normal value. During the dumping investigation period, all domestic similar products of the company were directly sold to non related end-users and non related traders. After review, the investigating authority decided to temporarily take all the domestic sales of the company in India as the basis for determining the normal value.

The investigating authority preliminarily reviewed the production cost and expense data and relevant supporting documents submitted by the company's response.

About production costs. After examination, the investigating authority found that, first, the questionnaire did not answer the cost accounting methods of the investigated products and similar products according to the requirements of the questionnaire; Second, Table 6-1-1 did not fill in the input of all raw materials according to the requirements of the questionnaire, the ending inventory amount and quantity of some raw materials in Table 6-1-1 could not be cross checked with Table 6-2, some raw materials in Table 6-2 were not filled in Table 6-4, and the corresponding accounts or codes of each raw material project were not submitted in Table 6-4 as required; Third, Table 6-3 of the answer sheet did not report the cost by market according to the requirements of the questionnaire format, and did not explain the specific filling process of each project in detail; Fourth, the company's answer to whether there are joint products and by-products is inconsistent, and the cost accounting process and cost allocation data of joint products and by-products are not provided; Fifth, the respondents did not submit the cost calculation sheets of the investigated products and similar products that were kept daily as required, and did not explain the reasons for not submitting them. The investigating authority issued a supplementary questionnaire to the company. The company still failed to explain some of the problems and reasons in the answer sheet, and did not submit relevant evidence materials.

After review, the investigating authority believed that the above problems in the company's response resulted in the investigating authority being unable to determine the cost elements consumed by the company's investigated products and similar products, obtain the company's mutually verifiable production cost information, and determine the accuracy and completeness of the production costs of the investigated products and similar products. When the investigating authority issued a supplementary questionnaire to inquire about the reason why the company did not submit the cost calculation sheet, the company did not explain the reason nor provide relevant evidence. For the consequences of failing to provide answers as required by the questionnaire, or failing to provide complete and accurate answers, the investigating authority gave full reminders in the questionnaire and the supplementary questionnaire, and extended the time for relevant answers appropriately. However, the company still did not cooperate with the survey and did not provide the necessary information for the survey. Therefore, the investigating authority temporarily uses the facts obtained and the best information available to determine the production cost of the company's products under investigation in accordance with Article 21 of the Anti dumping Regulations. Based on the response of the respondent company, the investigating authority, after comparison, decided to temporarily use the production cost data of phthalocyanine green in the application to determine the production cost of the investigated product and similar products.

About selling expenses. After examination, the investigating authority found that the company did not provide the documents proving the actual tax refund for the three detailed expenses of export tax refund, and the investigating authority decided not to accept them in the preliminary determination. As for some indirect selling expenses, the Company did not explain the calculation process of each detailed expense in detail as required, did not retain the calculation formula, did not explain the reasons for the proposed allocation method and provided supporting documents, and the investigating authority temporarily decided to reallocate this part of selling expenses according to the proportion of sales revenue in the preliminary determination. After preliminary examination, the investigating authority temporarily decided to accept other sales expenses.

For administrative expenses, financial expenses and other expenses. After examination, the investigating authority found that the "other expenses" item in Table 6-3 of the answer sheet was not filled in Table 6-6, 6-7 and 6-8. The company did not explain the calculation process of the expenses in detail as required. The detailed items "changes in finished products" and "other income" could not be cross checked with the company's profit and loss statement during the dumping investigation period. The answer sheet did not explain the reasons and did not provide any supporting materials. The investigating authority decided not to accept them in the preliminary determination. After preliminary examination, the investigating authority temporarily decided to accept the data of other administrative expenses and financial expenses.

Based on the above adjusted cost data, the investigating authority tested whether the similar products of the company were sold below cost in India. According to the review, during the dumping investigation period, the number of similar products sold below cost in China accounted for more than 20% of the total domestic sales. According to Article 4 of the Anti dumping Regulations, the investigating authority temporarily decided to exclude domestic sales below cost as the basis for determining the normal value in the preliminary determination.

**2. Export price.**

The investigating authority preliminarily reviewed the company's export and sales of the investigated products to China. During the dumping investigation period, the Company directly exported the investigated products to non affiliated traders in China. According to the provisions of Article 5 of the Anti dumping Regulations, the investigating authority temporarily decided to take the transaction price between the company and non affiliated traders in China as the basis for determining the export price in the preliminary determination.

**3. Price adjustment.**

In accordance with the provisions of Article 6 of the Anti dumping Regulations, the investigating authority examined the adjustment items of the company that affect the comparability of prices one by one in order to make a fair and reasonable comparison.

**(1) Normal value part.**

As for the adjustment items of normal value, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland transportation costs (factory/warehouse customer), credit costs, etc. in the preliminary determination.

With regard to trade link adjustment, the company said in its response that it sold to traders and end-users in the domestic market of India, while it sold to traders in the Chinese market, advocating trade link adjustment of normal value. After examination, the investigating authority believed that although the company claimed that there were differences between domestic and export sales channels, it did not provide evidence to prove that it had implemented different sales behaviors for different sales channels, and did not explain the impact of the difference on prices according to the requirements of the response, so the investigating authority decided not to accept the company's claim for trade link adjustment temporarily.

As for the commission, the company's answer is to adjust the commission paid to domestic sales agents according to the proportion of sales revenue. After examination, the investigating authority believed that the company's response did not provide any supporting documents for the claim, which led to the investigating authority being unable to determine the authenticity and accuracy of the relevant adjustment amount, so it decided not to accept the adjustment claim in the preliminary determination.

With regard to advertising expenses, after review, the Company's response did not provide evidence of the actual occurrence of advertising expenses, nor did it provide the basis for the allocation of advertising expenses in the domestic market of India, nor could it prove that advertising expenses are directly related to domestic sales, nor could it prove that they affect the fair and reasonable comparison between normal value and export price. Therefore, the Company does not accept the relevant claims in the preliminary determination.

With regard to other adjustment items, the Company's response claimed that bank charges were incurred for domestic sales. After examination, the company did not explain how to determine the specific amount according to the requirements of the response, nor did it provide the corresponding supporting documents, so the investigating authority decided not to accept the relevant claims temporarily.

**(2) Export price.**

With respect to export price adjustment items, after preliminary review, the investigating authority decided to temporarily accept the adjustment claims of inland transportation (factory/warehouse - export port), international transportation costs, international transportation insurance premiums, port handling charges, packaging costs, credit costs, export inspection fees, etc. in the preliminary determination.

As for the commission, the company claims that some export sales to China have incurred commission. After examination, the investigating authority believed that the company's response failed to provide evidence on the commission incurred in the corresponding transaction, nor did it provide supporting documents on the accuracy of the commission amount, which led to the investigating authority being unable to determine the authenticity and accuracy of the relevant adjustment amount, so it decided not to accept the adjustment claim in the preliminary determination.

With regard to export tax rebate, after examination, the Company failed to provide the documents proving the actual tax rebate as required, and could not prove the accuracy of the actual amount of tax rebate for each transaction, so the investigating authority decided not to accept the claim in the preliminary determination.

With regard to other adjustment items, the Company's response proposes to adjust the bank charges, early use fees, foreign bank use fees, and the "salaries of marketing personnel" of two invoices. Since the company did not explain how to determine the specific amount of each expense according to the requirements of the answer sheet, and did not provide any supporting documents, the investigating authority decided not to accept the relevant claims temporarily.

**4. About CIF price.**

After preliminary examination, the investigating authority decided to temporarily accept the CIF price data of the Company in the preliminary determination.

**Other companies cooperating with the investigation**

In accordance with the provisions of the Anti dumping Regulations and the Provisional Rules for Sampling of Anti dumping Investigations of the Ministry of Commerce, the investigating authority temporarily decided in the preliminary determination that for Indian companies that have submitted dumping sampling questionnaires as required within the deadline but have not been selected, the weighted average margin of the sampled companies shall be used to determine their dumping margin.

**Other Indian companies (All Others)**

On March 1, 2022, the investigating authority launched an anti-dumping investigation against the imported phthalocyanine pigments originating in India. On the same day, the investigating authority notified the Indian Embassy in China and published the case filing announcement on the website of the Ministry of Commerce. Any interested party can consult the case filing announcement on the website of the Ministry of Commerce. After the case is filed, the investigating authority gives each interested party a 20 day registration period to participate in the investigation, and gives all interested parties a reasonable time to learn about the case. The investigating authority also published the questionnaire on the website of the Ministry of Commerce, and any interested party can consult and download the questionnaire of this case on the website of the Ministry of Commerce.

The investigating authority did its best to inform all known interested parties, and also to remind all known interested parties of the results of non cooperation in the investigation. The investigating authority shall, in accordance with Article 21 of the Anti dumping Regulations, determine the dumping margin of a company that has fulfilled its obligation of notification but has not provided the necessary information to cooperate with the investigation, on the basis of the facts already obtained and the best information available. After comparing and analyzing the information obtained in the investigation, the investigating authority temporarily decided to take the information in the application form as the best information available in the preliminary determination, and determine the dumping margin of other Indian companies based on this information.

1. **Price comparison.**

According to the provisions of Article 6 of the Anti dumping Regulations, the investigating authority, on the basis of considering various comparability factors affecting prices, adjusted the normal value and export price to the factory level in a fair and reasonable manner for comparison. When calculating the dumping margin, the investigating authority compared the weighted average normal value with the weighted average export price to obtain the dumping margin.

1. **Dumping margin.**

After calculation, the investigating authority will list the dumping margins of each company preliminarily determined in the attached table.

1. **Domestic similar products and domestic industries**
2. **Identification of domestic similar products.**

According to Article 12 of the Anti dumping Regulations, products of the same kind are the similar products as the dumped imports, or the products with the most similar characteristics to the dumped imports.

The investigating authority investigated the physical and chemical properties, raw materials, production process, product use, sales channels and customer groups of phthalocyanine pigments produced in China and the investigated products:

**1. Physical and chemical properties.**

Both the phthalocyanine pigments produced in China and the investigated products are organic compounds with four planar macrocyclic molecules with isoindoline structure.The refined and pigmented phthalocyanine pigment products have bright colors, strong coloring power, excellent weather resistance, heat resistance, solvent resistance, acid resistance and alkali resistance, and are insoluble in conventional organic solvents. The investigating authority preliminarily determined that the physical and chemical properties of domestic phthalocyanine pigments are basically the same as those of the investigated products.

**2. Product use.**

Phthalocyanine pigments produced in China have the same purpose as the investigated products. They can be used for coloring paints, oil colou, inks, plastics, rubber, synthetic fiber pulps and other products, as well as as raw materials for some dyes (such as direct light fast turquoise blue GL, reactive turquoise blue K-GL, etc.). They are also used for specific production in light recording media, filters and other fields. The products are widely used in architecture, decoration, automotive, electronics, packaging and printing Chemical fiber textile, photoelectric and other fields. The quality of products of the same specification is basically the same and can be substituted for each other. The investigating authority preliminarily determined that the domestic phthalocyanine pigments have basically the same uses as the products under investigation.

**3. Raw materials and production process.**

The main production processes of phthalocyanine pigments are mainly independently developed by enterprises, and the production devices and process treatment of different enterprises will be different. However, the principle of production process is basically the same for both the products under investigation and the products produced in the domestic industry. Both of them use phthalic anhydride, urea, and cuprous chloride as the main raw materials to produce crude copper phthalocyanine pigments through solvent or solid phase production processes, and then the crude products are refined and pigmented to further produce high-quality products of various specifications.

**4. Sales channels and customer groups.**

The sales channels and regions of the investigated products and phthalocyanine pigment products produced in domestic industries are the same or similar, including direct sales, agency sales and other forms, which are sold nationwide. Both have the same customer group. Downstream users not only purchase and use the investigated product, but also purchase and use the phthalocyanine pigment products produced by the applicant. The investigating authority preliminarily determined that the sales channels and customer groups of domestic phthalocyanine pigments are basically the same as those of the investigated products. Based on the above facts, the investigating authority preliminarily determined that the phthalocyanine pigments produced in China are basically the same as the investigated products in terms of physical and chemical properties, raw materials and production processes, product uses, sales channels and customer groups, with similarities and substitutability. The phthalocyanine pigments produced in China and the investigated products belong to the same kind of products.

1. **Identification of domestic industries.**

In accordance with Article 11 of the Anti dumping Regulations on the identification of domestic industries, the investigating authority examined and identified the domestic industries in this case. In this case, five domestic manufacturers submitted the questionnaire to the investigating authority. After investigation and verification, the investigating authority found that the output of phthalocyanine pigments of the five responding enterprises from 2017 to 2020 and from January to September 2021 accounted for 55.2%, 52.9%, 62.2%, 62.5% and 61.3% of the total output of domestic similar products, respectively, which accounted for the main part of the total output of domestic similar products, in line with the provisions of Article 11 of the Anti dumping Regulations on the identification of domestic industries. The investigating authority preliminarily determined that the enterprises that submitted the Domestic Producer Questionnaire can represent the domestic industry, and their data can be used as the basis for damage and causality analysis.

1. **Industrial damage and damage degree**

According to Article 7 of the Anti dumping Regulations, the investigating authority investigated the domestic industrial injury in this case.

1. **The quantity of dumped imports.**

The investigating authority made a preliminary investigation on whether the absolute quantity of dumped imports and the quantity relative to China's production or consumption increased significantly. According to Chinese customs statistics, from 2017 to 2020, the import volume of dumped imports was 3821 tons, 6462 tons, 15377 tons and 16871 tons respectively. Compared with the previous year, the growth rate from 2018 to 2020 was 69.12%, 137.96% and 9.71% respectively, and the cumulative growth rate in 2020 was 321.5% compared with 2017. From January to September 2021, the import volume was 17587 tons, an increase of 53.32% over the same period of the previous year. Therefore, the investigating authority preliminarily determined in the preliminary determination that the absolute number of dumped imports increased significantly during the injury investigation period. From 2017 to 2020, the market share of dumped imports in China was 6.99%, 11.05%, 23.09% and 22.02% respectively. From 2018 to 2020, it increased 4.06 percentage points, 12.04 percentage points and decreased 1.06 percentage points compared with the previous year. From January to September 2021, the market share of dumped imports further rose to 29.02%, 7.74 percentage points higher than that of the same period last year. During the injury investigation period, the market share of dumped imports increased by 22.03 percentage points. Therefore, during the injury investigation period, the market share of dumped imports in China was generally on the rise. The respondent enterprises pointed out in their comments that the tax code 32041700 includes other products in addition to phthalocyanine pigments, and the investigation of the data under 32041700 will artificially increase the import quantity of the investigated products in India. During the damage investigation period, the relative import quantity of Indian products under investigation did not increase significantly, and the relative import quantity increased to meet the growth of China's domestic demand. The domestic industry claims that, according to the evidence in Annex V of the application, the Indian imported products under the tariff No. 32041700 are basically phthalocyanine pigments, and few other products are imported. The import quantity of dumped imports according to China's customs statistics is basically the same as the change trend and range of total Indian phthalocyanine blue and phthalocyanine green exports to China according to India's customs statistics. During the injury investigation period, the imports of dumped imports not only grew rapidly in absolute volume, but also showed a sharp rise in their market share in China. Moreover, the increase in the import volume of dumped imports far exceeds the increase in the demand in the same period. The increase in the import volume of dumped imports is not "to meet the growth of domestic demand". The investigating authority examined the above issues. According to the evidence submitted by the applicant, the Indian imported products under 32041700 are basically phthalocyanine pigments. In addition, during the damage investigation period, the export of phthalocyanine pigments to China according to the Indian customs accounted for more than 90% of the total import from India under the 32041700 tariff line, and their trends were consistent. Therefore, the investigating authority preliminarily determined that most of the imports from India under the 32041700 tariff line were investigated products, and a small number of other products did not affect the judgment on the quantity and trend of dumped imports. At the same time, the survey data shows that during the injury investigation period, the market share of dumped imports has increased by 22.03 percentage points, and the relative quantity of dumped imports has shown an overall growth trend. Compared with 2017, the volume of dumped imports in 2020 increased by nearly 341.52%, exceeding the 40.4% growth of demand in the same period. From January to September 2021, compared with the same period of last year, the import volume of dumped imports increased by 53.32%, which also exceeded the growth rate of 12.43% of the demand in the same period. During the injury investigation period, the growth rate of dumped imports was much higher than that of Chinese market demand in the same period. To sum up, the investigating authority preliminarily determined that during the injury investigation period, the absolute quantity of dumped imports continued to grow significantly, while the relative quantity showed an overall growth trend.

1. **The price of dumped imported products and similar products of domestic industry.**

The investigating authority conducted a preliminary investigation on the impact of dumped imports on the prices of similar products in the domestic industry. In price comparison, in order to ensure the comparability of the two, the dumped import price and the price of similar products in domestic industries should be compared at the same trade level. The investigating authority believed that the domestic customs clearance price of dumped imports and the ex factory price of similar products in domestic industries were basically at the same trade level. According to the application form and the responses of the sampled respondent enterprises, similar products in domestic industries and dumped imported products are divided into two categories: phthalocyanine blue and phthalocyanine green. Their costs and prices are quite different, so it is not appropriate to combine them for price comparison. The Chinese customs data did not further distinguish the models, and the investigating authority could not make price comparison according to the classification. In this anti-dumping investigation, the export volume of the respondent enterprises in the sample accounts for a small proportion of the dumped imports, and their price data cannot reflect the overall price of dumped imports.The investigating authority noted that according to the evidence provided by the applicant, phthalocyanine blue was exported under Indian Customs Tariff No. 32041751 and 32041759, and phthalocyanine green was exported under Indian Customs Tariff No. 32041761. Therefore, Indian customs data can distinguish between phthalocyanine blue and phthalocyanine green. During the damage investigation period, the export volume to China under the above three Indian customs tariff lines accounted for more than 90% of the average import volume from India according to Chinese customs statistics, which is representative and can be used as a basis for price comparison. For this reason, the investigating authority, based on the FOB price data of phthalocyanine blue and phthalocyanine green exported to China by Indian customs published on the official website of the Ministry of Commerce and Industry of India, converted them into CIF prices by adding freight and insurance charges in Shanghai, and further considered import tariffs, customs clearance fees of domestic importers and the exchange rate of USD against RMB to determine the RMB customs clearance price of dumped imported products to China. Among them, the proportion of international transportation expense and insurance premium in CIF price is determined by the data filled in the response paper by three sampled respondent enterprises, and the exchange rate is calculated based on the arithmetic average of the monthly average exchange rate of the current year published by the People's Bank of China. As for the customs clearance fees, since there was no response from the importer in this case, the investigating authority decided to temporarily adopt the average value of the customs clearance fees of the three importers provided by the applicant. On the basis of the Questionnaire on Domestic Producers submitted by the domestic industry, the investigating authority took the weighted average of the ex factory price as the price of similar products in the domestic industry.

**1. The price of the dumped imported products of phthalocyanine blue and the price of similar products in domestic industries.**

According to the above method, the prices of the dumped imports of phthalocyanine blue from 2017 to 2020 were 41649.34 yuan/ton, 38444.50 yuan/ton, 36440.58 yuan/ton, 34113.45 yuan/ton, and the dumped imports from January to September 2021 were 36174.52 yuan/ton. Among them, 2018 decreased by 7.69% compared with 2017, 2019 decreased by 5.21% compared with 2018, 2020 decreased by 6.39% compared with 2019, and the first nine months of 2021 increased by 3.77% compared with the same period of last year. During the injury investigation period, the price of dumped imports generally showed a downward trend. Although the price rose slightly at the end of the injury investigation period, it was 13.15% lower than that at the beginning of the period. The prices of similar domestic phthalocyanine blue products from 2017 to 2020 are 40982.30 yuan/ton, 41022.35 yuan/ton, 41110.36 yuan/ton, 40509.42 yuan/ton respectively, and 42736.90 yuan/ton from January to September 2021. 0.10% higher in 2018 compare with 2017,0.21% higher in 2019 compare with 2018, 1.46% lower in 2020 compared with 2019, January to September 2021, it increased by 5.69% over the same period of the previous year. During the damage investigation period, although the prices of similar products in the domestic industry fluctuated, the overall trend was upward, and the price at the end of the period was 4.28% higher than that at the beginning of the period.

**2.The price of the dumped imported products of phthalocyanine green and the price of similar products in domestic industries.**

According to the above method, the prices of the dumped imports of phthalocyanine green from 2017 to 2020 were 46277.82 yuan/ton, 44379.78 yuan/ton, 43610.24 yuan/ton and 43971.85 yuan/ton respectively, and the dumped imports from January to September 2021 were 47340.50 yuan/ton. Among them, 2018 is 4.10% lower than 2017, 2019 is 1.73% lower than 2018, 2020 is 0.83% higher than 2019, and January September 2021 is 8.58% higher than the same period of last year. During the injury investigation period, the price of dumped imported products fell first and then rose, and the price at the end of the period was 2.30% higher than that at the beginning of the period. From 2017 to 2020, the prices of similar domestic phthalocyanine green products were 41212.84 yuan/ton, 42894.33 yuan/ton, 46391.69 yuan/ton, 45696.28 yuan/ton, and 49636.84 yuan/ton from January to September 2021. 4.08% higher in 2018 compared with 2017, 8.15% higher in 2019 compared with 2018, 1.50% lower in 2020 compared with 2019, January to September 2021, it increased 9.70% over the same period of the previous year. During the damage investigation period, the prices of similar products in the domestic industry showed an overall upward trend, and the prices at the end of the period were 20.44% higher than those at the beginning of the period.

1. **The impact of dumped imports on the prices of similar products in domestic industries.**

The investigating authority investigated the import of dumped imports, the changes in the prices of similar products in domestic industries and the relationship between the two. According to the relevant evidence information submitted by the interested parties, the phthalocyanine pigments produced domestically and the dumped imported products are basically the same in terms of physical characteristics and chemical properties, raw materials and production processes, product uses, sales channels, customer groups and consumer evaluations, which are similar and substitutive and belong to the same kind of products. The domestic phthalocyanine pigment consumption market is a competitive and open market. The quality and performance of similar products in the domestic industry and dumped imported products can meet the requirements of downstream customers. The two can replace each other. Dumped imported products directly compete with domestic products of the same specification and model. According to the application form and the domestic industry response, downstream users are crossing and overlapping of dumped imports and similar products in the domestic industry. The same downstream user purchases both dumped imports and similar products in the domestic industry. In this case, price is an important factor affecting product sales. During the injury investigation period, the quantity and market share of dumped imports increased significantly. From 2017 to 2020, the number of dumped imports continued to increase, with a significant cumulative increase of 321.5% in 2020 compare with 2017, and a significant increase of 53.32% over the same period of the previous year from January to September 2021. The share of dumped imports in the domestic market increased from 6.99% in 2017 to 29.02% from January to September 2021. At the same time, the market share of similar products in the domestic industry continued to decline, from 52.66% in 2017 to 45.27% from January to September 2019. The rapid development of dumped imports in the Chinese market has become the largest competitor of similar products in the domestic industry, and has an impact on the pricing of similar products in the domestic industry. The domestic industry indicated in the questionnaire of domestic producers that the most important factors affecting its pricing are the quantity and price of dumped imports. Based on the above evidence, the investigating authority preliminarily determined that the dumped imports had an impact on the prices of similar products in the domestic industry.

**1. The impact of the price of the dumped imported products of phthalocyanine blue on the price of similar products in the domestic industry.**

In 2017, the price of dumped imported phthalocyanine blue products was 667.04 yuan/ton higher than that of similar products in the domestic industry. From 2018 to January -September 2021, the price of dumped imported products is always lower than that of similar products in the domestic industry. In 2018, 2019, 2020 and January-September 2021, the price difference between dumped imported products and domestic similar products is 2577.86 yuan/ton, 4669.78 yuan/ton, 6395.97 yuan/ton and 6562.38 yuan/ton respectively. Based on the above evidence, the investigating authority preliminarily determined that during the damage investigation period, the dumped imported products of phthalocyanine blue had significantly reduced the prices of similar products in the domestic industry.

**2. The impact of the price of the dumped imported products of phthalocyanine green on the price of similar products in the domestic industry.**

In 2017 and 2018, the prices of the dumped imported phthalocyanine green products were 41212.84 yuan/ton and 42894.33 yuan/ton respectively, and the prices of similar domestic products were 41212.84 yuan/ton and 42894.33 yuan/ton respectively. The dumped imported products were 5064.98 yuan/ton and 1485.45 yuan/ton higher than the prices of similar domestic products. The price of dumped imported products showed a downward trend, with a decrease of 4.10% in 2018 compared with 2017. The price of similar products in domestic industry rose 4.08% in 2018 compared with 2017. The price difference between the two narrowed. In the same period, the unit production cost of similar products in the domestic industry increased by 25.14% in 2018 compared with 2017. The price growth rate of similar products in the domestic industry is far lower than the cost growth rate. The difference between the price of similar products in the domestic industry and the production cost in 2018 is 57.37% lower than that in 2017. Therefore, the prices of dumped imports from 2017 to 2018 have a restraining effect on the prices of similar domestic products. From 2019 to January-September 2021,the price of dumped imports is always lower than that of similar products in domestic industries. In 2019, 2020 and January-September 2021, the price differences between dumped imports and domestic similar products were 2781.45 yuan/ton, 1724.43 yuan/ton and 2296.34 yuan/ton, respectively. The prices of dumped imports significantly reduced the prices of similar products in the domestic industry.

Considering the substantial increase in the number of dumped imports after 2019, the investigating authority preliminary determined that the dumped imports of phthalocyanine green during the injury investigation period had significantly reduced the price of similar products in the domestic industry.

Based on the above facts, the investigating authority preliminary determined that during the injury investigation period, the dumped imported products had significantly reduced the prices of similar products in the domestic industry.

1. **Damage the domestic industry during the investigation period.**

According to the provisions of Articles 7 and 8 of the Anti dumping Regulations, the investigating authority conducted an investigation on the relevant economic factors and indicators of the domestic industry (see the attached table for the data). The evidence shows that:

**1. Demand.**

During the damage investigation period, the domestic demand for phthalocyanine pigment products continued to grow. From 2017 to 2020, the demand was 54700 tons, 58500 tons, 66600 tons and 76600 tons respectively. From 2018 to 2020, it increased by 6.95%, 13.85% and 15.02% respectively compared with the previous year. From January to September 2021, the demand was 60600 tons, an increase of 12.43% over the same period of the previous year.

**2. Capacity.**

During the damage investigation period, the capacity of similar products in the domestic industry showed an overall upward trend. From 2017 to 2020, the capacity of similar products in the domestic industry was 34421 tons, 33766 tons, 40701 tons and 44333 tons respectively. From 2018 to 2020, compared with the previous year, the capacity increased by -1.87%, 20.50% and 8.92% respectively. From January to September 2021, the capacity of similar products in the domestic industry was 40998 tons, an increase of 23.57% over the same period of the previous year.

**3. Output.**

During the damage investigation period, the output of similar products in the domestic industry decreased first and then increased. From 2017 to 2020, the output of similar products in the domestic industry was 32225 tons, 30794 tons, 33600 tons and 37334 tons, respectively, From 2018 to 2020, it increased by -4.44%, 9.11% and 11.11% respectively compared with the previous year. From January to September 2021, the output of similar products in the domestic industry was 28809 tons, an increase of 8.53% over the same period of the previous year.

**4. Domestic sales volume.**

During the damage investigation period, the domestic sales of similar products in domestic industries showed an upward trend. From 2017 to 2020, the domestic sales of similar products in the domestic industry was 28804 tons, 29882 tons, 32434 tons and 36822 tons respectively. From 2018 to 2020, the growth rate was 3.74%, 8.54% and 13.53% respectively compared with the previous year. From January to September 2021, the domestic sales volume of similar products in the domestic industry was 27431 tons, an increase of 4.69% over the same period of the previous year.

**5. Market share.**

During the damage investigation period, the market share of similar products in the domestic industry was declining year by year. From 2017 to 2020, the domestic market share of similar products in the domestic industry was 52.66%, 51.08%, 48.70% and 48.07% respectively. From 2018 to 2020, there was a decrease of 1.58, 2.38 and 0.63 percentage points compared with the previous year. From January to September 2021, the market share of similar products in the domestic industry was 45.27%, a decrease of 3.34 percentage points over the same period of the previous year.

**6. Sales price.**

During the damage investigation period, the sales prices of similar products in domestic industries showed an overall upward trend. From 2017 to 2020, the domestic sales prices of similar products in the domestic industry was 38204 yuan, 39107 yuan, 40840 yuan and 40516 yuan respectively. From 2018 to 2020, the growth rate was 2.36%, 4.43% and -0.79% respectively compared with the previous year. From January to September 2021, the sales price of similar products in the domestic industry was 42,832 yuan, an increase of 6.03 percent over the same period last year.

**7. Sales revenue.**

During the damage investigation period, the sales revenue of similar products in domestic industries showed a growth trend. From 2017 to 2020, the domestic sales revenue of similar products in the domestic industry was 1100431798 yuan, 1168588610 yuan, 1324626014 yuan and 1491872359 yuan respectively. From 2018 to 2020, the growth rate was 6.19%, 13.35% and 12.63% respectively compared with the previous year. From January to September 2021, the domestic sales revenue of similar products in the domestic industry was 1174907697 yuan, an increase of 11.01% over the same period of the previous year.

**8. Profit before tax.**

During the damage investigation period, the pre tax profits of similar products in domestic industries showed a significant fluctuation trend. From 2017 to 2020, the pre tax profits of similar products in the domestic industry were 48,823,014 yuan, 903,197 yuan, 48,233,386 yuan and 143,523,069 yuan respectively. From 2018 to 2020, compared with the previous year, they increased by - 98.15%, 5240.29% and 197.56% respectively. From January to September 2021, the pre tax profit of similar products in the domestic industry was 40861052 yuan, a year-on-year decrease of 54.68%.

**9. Return on investment.**

During the damage investigation period, the rate of return on investment in similar products of domestic industry showed a general downward trend. From 2017 to 2020, the rate of return on investment in similar products of domestic industry was 3.59%, 0.06%, 2.78% and 7.59% respectively. From 2018 to 2020, it increased by - 3.53, 2.72 and 4.81 percentage points compared with the previous year. From January to September 2021, the rate of return on investment in similar products in domestic industries was be 1.86%, a decrease of 2.97 percentage points over the same period last year.

**10. Operation rate.**

During the damage investigation period, the operating rate of similar products in domestic industries showed a downward trend. From 2017 to 2020, the operating rates of similar products in domestic industries was 93.62%, 91.17%, 82.55% and 84.21% respectively. From 2018 to 2020, it increased by -2.45%, -8.62% and 1.66% respectively compared with the previous year. From January to September 2021, the operating rate of similar products in the domestic industry was 70.27%, a decrease of 9.74 percentage points over the same period of the previous year.

**11. Number of employees.**

During the damage investigation period, the employment of similar products in domestic industries generally increased first and then decreased. From 2017 to 2020, there was 1420, 1468, 1494 and 1450 employees of similar products in domestic industries. From 2018 to 2020, it increased by 3.43%, 1.71% and -2.90% respectively compared with the previous year. From January to September 2021, 1470 people were employed in similar products in domestic industries, a decrease of 0.21% over the same period of the previous year.

**12. Labor productivity.**

During the damage investigation period, the labor production of similar products in domestic industries took the lead in decreasing and then rising. From 2017 to 2020, the labor productivity of similar products in domestic industry was 23 tons/year/person, 21 tons/year/person, 22 tons/year/person and 26 tons/year/person respectively. From 2018 to 2020, it increased by -7.61%, 7.27% and 14.43% respectively compared with the previous year. From January to September 2021, the labor productivity of similar products in domestic industries was 20 tons/person, an increase of 8.76% over the same period last year.

**13. Per capita wages.**

During the damage investigation period, the per capita wages of similar products in domestic industries showed an overall growth trend. From 2017 to 2020, the per capita wages of similar products in domestic industries was 69113 yuan/year/person, 70394 yuan/year/person, 70596 yuan/year/person and 74814 yuan/year/person respectively. From 2018 to 2020, the growth rate was 1.85%, 0.29% and 5.79% respectively compared with the previous year. From January to September 2021, the per capita wage of similar products in domestic industries was 64,921 yuan/person, an increase of 21.20% over the same period of the previous year.

**14. Closing inventory.**

During the damage investigation period, the ending inventory of similar products in the domestic industry decreased first and then increased. From 2017 to 2020, the ending inventory of similar products in domestic industry was 3314 tons, 2491 tons, 2393 tons and 1581 tons respectively. From 2018 to 2020, they decreased by 24.83%, 3.91% and 33.93% respectively compared with the previous year. From January to September 2021, the ending inventory of similar products in the domestic industry was 2075 tons, an increase of 25.59% over the same period of the previous year.

**15. Net cash flow from operating activities.**

During the damage investigation period, the net cash flow from operating activities of similar products in domestic industries fluctuated significantly. From 2017 to 2020, the net cash flows from operating activities of similar products in domestic industries were - 20793233 yuan, - 3420021 yuan, 8882171 yuan and 147061980 yuan respectively. From January to September 2021, the net cash flow from operating activities of similar products in domestic industries was 89746744 yuan.

**16. Investment and financing capacity.**

During the injury investigation period, there was no evidence to show that the investment and financing capacity of similar products in the domestic industry was adversely affected by the import of dumped imports.

The investigating authority also reviewed the dumping margin of dumped imports. The evidence shows that the dumping margin of dumped imports does not belong to micro dumping, which is enough to adversely affect the domestic market price.

Preliminary evidence shows that during the damage investigation period, the apparent consumption of domestic phthalocyanine pigments showed a continuous growth trend, with a cumulative growth of 40.04% in 2020 compared with 2017, and a year-on-year growth of 12.43% from January to September 2021. The capacity of similar products in the domestic industry has increased accordingly, with a cumulative growth of 28.80% in 2020 compared with that in 2017, and a year-on-year growth of 23.57% from January to September 2021. The growth rate of capacity is generally lower than the growth rate of domestic demand. The output of similar products in China increased by 15.85% in 2020 compared with that in 2017, and by 8.53% from January to September of 2021 compared with the same period of the previous year, significantly lower than the growth rate of production capacity. The operating rate of similar products in China has generally shown a significant downward trend and is at a low level. From January to September 2021, compared with 2017, the operating rate has decreased by 23.4 percentage points, and only about 70% of the operating level. The capacity of similar products in domestic industry has not been effectively utilized.

During the damage investigation period, the annual growth rate of domestic sales of similar products was less than the growth rate of demand in the same period. The market share of similar products in domestic industries continued to decline, with a cumulative decline of 7.39 percentage points. From January to September 2021, the output of similar products in the domestic industry increased by 8.53% year on year, and the sales volume increased by 4.69% year on year, lower than the output growth. The ending inventory rebounded significantly. From January to September 2021, the ending inventory of similar products in the domestic industry increased by 25.59% year on year.

During the damage investigation period, the sales volume of similar products in the domestic industry increased, and the price at the end of the period increased by 12.12% compared with the beginning of the period, so the sales revenue of similar products in the domestic industry showed an overall growth trend. During the same period, the pre tax profits of similar products in domestic industries fluctuated significantly. Compared with 2017, the pre tax profits of similar products in domestic industries in 2018 dropped 98.15% significantly. In 2019, the pre tax profits of similar products in domestic industries rebounded, but have not yet recovered to the level in 2017. In 2020, the pre tax profits of similar products in domestic industries increased significantly, with a year-on-year decrease of 54.68% from January to September 2021. During the damage investigation period, the cash flow of similar products in the domestic industry fluctuated significantly. In 2017 and 2018, it was a net outflow. Although it turned into a net inflow in 2019 and 2020, it turned into a large net outflow from January to September 2021. The net outflow was 4.3 times that of 2017, the largest net outflow level in the investigation period. During the damage investigation period, the rate of return on investment in domestic industrial products generally showed a downward trend and was at a low level. From January to September 2021, it was 1.73 percentage points lower than that in 2017. The average value in the investigation period was only 3.18%. A large amount of funds invested in domestic industries could not be recovered in a timely and effective manner.

During the damage investigation period, the labor productivity and per capita wage of similar products in domestic industries showed an overall growth trend. However, since 2020, the number of employees of similar products in domestic industries has decreased continuously, 2.90% lower than that in 2019 in 2020, and 0.21% lower than that in the same period of last year from January to September in 2021.

The above evidence shows that during the damage investigation period, the domestic industry's operating rate was insufficient, the market share was occupied, the production and operation conditions were unstable and faced with huge operating pressure. Especially at the end of the survey period, the operating rate, ending inventory, pre tax profit, return on investment, number of employees, market share and net cash flow of similar products in the domestic industry further deteriorated. The investigating authority preliminary determined that the domestic phthalocyanine pigment industry had suffered substantial damage during the investigation period.

1. **Stakeholder comments.**

1. The respondent enterprise commented that the domestic industry market share data in the application is the proportion of the sum of domestic sales of similar domestic products plus self use in the demand. The self use part is not sold in the market, but used for the production of downstream products and other purposes. Therefore, it does not form a direct competition relationship with dumped imports. It is unreasonable to consider the self use part when calculating the market share. If the self use amount is excluded, the domestic industry market share will decline less.

The domestic industry responded that the self consumption of similar products in this case is only a few tons, accounting for only 0.01% of the output of similar products. Whether the self consumption is taken into account will not have a substantial impact on the market share of similar products in China.

In this regard, the investigating authority preliminary determined through investigation that in 2017-2020 and from January to September 2021, the self consumption of similar products in the domestic industry was 2 tons, 1 ton, 3 tons, 3 tons and 5 tons respectively, which was small compared with the output and domestic sales of the domestic industry in the same period, and included in the overall change trend that did not materially affect the market share.

2. The respondent enterprises pointed out that similar products in the domestic industry were profitable every year during the damage investigation period, and their profits showed an overall sharp upward trend. The decline in profits from January to September 2021 is mainly due to the expansion of domestic industries. The new equipment of Shuangle Company, the main manufacturer of the domestic industry, has just been put into production in 2021, and the phthalocyanine capacity of this unit is up to 29600 tons. In the initial stage of production, the unit is often faced with huge initial costs, which are difficult to recover quickly. Therefore, the profit before tax of the domestic industry from January to September 2021 declined compared with the same period of last year.

The domestic industry responded that from 2018 to 2020, although the pre tax profit of domestic similar products showed an overall growth trend, the pre tax profit margin was obviously at a low level. From 2017 to 2020, the pre tax profit margin of similar products in China was only 4.24%, 0.07%, 3.53% and 9.33% respectively. From January to September 2021, the pre tax profit decreased by nearly 55% compared with the same period of last year, and the pre tax profit margin decreased to 3.35%, down nearly 5 percentage points compared with the same period of last year, and lower than the pre tax profit margin level in 2017. During the damage investigation period, the pre tax profit margin of domestic similar products was significantly lower than the average pre tax profit margin of dye, organic pigment and intermediate industries.

The investigating authority investigated this and found that similar products in domestic industries were profitable during the damage investigation period, but the profits fluctuated significantly. Compared with 2017, the pre tax profits of similar products in domestic industries dropped by 98.15% in 2018, recovered somewhat in 2019, but have not yet recovered to the level in 2017, and increased significantly in 2020. Compared with the same period of the previous year, the pre tax profits of similar products in China fell sharply from January to September 2021, This shows that the domestic industrial profits are extremely unstable. The production of new units of Shuangle Company in 2021 may have a certain impact on the company's profits. Through investigation, the direct labor, fuel power and manufacturing costs of Shuangle Company in January September 2021 increased by 2% in total. The situation of Shuangle Company cannot reflect the overall situation of the domestic industry, and the pre tax profit of similar products in the domestic industry fell by 54.68% year on year. Therefore, the respondent company's claim that the decline in domestic industrial profits from January to September 2021 was mainly due to the expansion of Shuangle Company was not tenable.

3. The respondent enterprises pointed out in their comments that the decline in the operating rate of domestic similar products was due to the continuous and substantial expansion of domestic industry and the COVID-19, rather than the impact of dumped imports.

The applicant responded that the data showed that the capacity growth rate of similar products in the domestic industry during the survey period was generally much lower than the growth rate of domestic demand, while the growth rate of imports of dumped imports was not only higher than the capacity growth rate of similar products in the domestic industry, but also higher than the growth rate of domestic demand. The decline in the operating rate of domestic similar products was not caused by its own expansion of production capacity, nor had it anything to do with the COVID-19, but was caused by the overall sharp increase in imports of dumped imports.

The investigating authority conducted an investigation on this. From the actual data, in 2018, the domestic industrial capacity fell 1.87% year on year, and the operating rate fell instead of rising, down 2.45 percentage points year on year; In 2020, the domestic industrial capacity increased by 8.92% year on year, and the operating rate increased by 1.66 percentage points year on year without decreasing. Therefore, the change of domestic industrial operating rate in this case has no direct relationship with the change of capacity. During the damage investigation period, domestic demand increased significantly, and domestic industrial capacity expanded correspondingly, but it did not exceed the growth rate of demand on the whole. In the same period, the import of dumped imports increased significantly, and the price decreased. Its market share increased by 22.03 percentage points in the injury investigation period. In the same period, the market share of similar products in domestic industries decreased by 7.39 percentage points. The market share of similar products in domestic industries was occupied. Therefore, the continuous decline of domestic industrial operating rate is mainly affected by the substantial increase of dumped imports. As for the claim that the COVID-19 affects the operating rate of domestic similar products, the survey found that the operating rate of domestic industries continued to decline in 2018 and 2019, and the operating rate of domestic industries in 2020 increased by 1.66 percentage points compared with 2019, so the relevant claim of the respondent company failed to stand.

4. The respondent enterprises commented that during the damage investigation period, most of the economic indicators of the domestic industry showed a positive growth trend. Therefore, during the damage investigation period, China's domestic industry was in good condition and there was no material damage.

In this regard, the investigating authority believes that when analyzing relevant economic indicators, we should combine the characteristics of domestic industries and specific market conditions, and examine the overall changes and interrelationships of various economic indicators. Changes in one or several indicators may not objectively reflect the current situation of domestic industries. Under the favorable background of the continuous growth of the market demand for phthalocyanine pigments in China, the domestic industrial capacity, output, sales and other data have indeed increased. However, affected by the two factors of the increase in the quantity and the decrease in the price of dumped imported products, the capacity of similar products in domestic industries cannot be effectively and fully utilized, the operating rate is generally on a downward trend and at a low level, and the growth of the output, sales volume, and sales revenue of similar products has actually been significantly inhibited. At the same time, the market share of domestic industries has been squeezed, and the rate of return on investment has also shown a downward trend. Therefore, the claim of the respondent enterprises that the domestic industry is in good development is not tenable.

1. **Causal relationship**

According to Article 24 of the Anti dumping Regulations, the investigating authority examined whether there was a causal relationship between the dumped imports of phthalocyanine pigments originating in India and the material damage to the domestic industry, and also examined other known factors that may cause damage to the domestic industry, except for the impact of dumped imports.

1. **The dumping of imported products has caused substantial damage to domestic industries.**

During the injury investigation period, according to the statistics of Chinese customs, the number of dumped imports increased rapidly. From 2017 to 2020, the import volume of dumped imports was 3821 tons, 6462 tons, 15377 tons and 16871 tons respectively. Compared with the previous year, the growth rate from 2018 to 2020 was 69.12%, 137.96% and 9.71% respectively, and the cumulative growth rate in 2020 was 321.5% compared with 2017.

From January to September 2021, the import volume was 17587 tons, a further significant increase of 53.32% over the same period of the previous year. At the same time, the share of dumped imports in China's market is on the rise. From 2017 to 2020, the market shares will be 6.99%, 11.05%, 23.09% and 22.02% respectively. From 2018 to 2020, it increased 4.06 percentage points, 12.04 percentage points and decreased 1.06 percentage points compared with the previous year. From January to September 2021, the market share of dumped imports further rose to 29.02%, 7.74 percentage points higher than that of the same period last year. During the injury investigation period, the market share of dumped imports increased by 22.03 percentage points. Accordingly, the market share of similar products in the domestic industry is declining year by year. From 2017 to 2020, the domestic market share of similar products in the domestic industry will be 52.66%, 51.08%, 70% and 48.07% respectively. From 2018 to 2020, there will be a decrease of 1.58, 2.38 and 0.63 percentage points compared with the previous year. From January to September 2021, the market share of similar products in the domestic industry was 45.27%, a decrease of 3.34 percentage points over the same period of the previous year. During the damage investigation period, the market share of similar products in domestic industries decreased by 7.39 percentage points. The market share of similar products in domestic industry is occupied by dumped imports. During the injury investigation period, the dumped imported products and similar products of the domestic industry are basically the same in physical and chemical characteristics, raw materials and production processes, product uses, sales channels and customer groups, with similarities and substitutability. China's domestic phthalocyanine pigment market is a competitive and open market, and the dumped imported products compete with similar domestic products in the domestic market. When downstream customers purchase products, product price is an important reference factor. During the injury investigation period, the price of dumped imports was lower than that of similar products in the domestic industry for most of the time. The dumped imports had a significant reducing effect on the price of similar products in the domestic industry. The impact of dumped imports on the domestic industry was the result of the combined effects of its quantity, market share, price and other factors.

Influenced by the above factors, during the damage investigation period, despite the continuous substantial growth of domestic market demand, the capacity of similar products in domestic industry has increased, but

It is lower than the growth rate of domestic market demand, the growth rate of output is lower than the growth rate of production capacity, and the operating rate generally shows a significant downward trend and is at a low level. Although the sales volume of similar products in the domestic industry has increased, by 27.8% in 2020 compared with 2017, and by 4.69% from January to September of 2021 compared with the same period of last year, it is far lower than the 341.5% and 53.32% growth rates of dumped imports in the same period, and the market share of similar products in the domestic industry has also declined year by year. As the dumped imported products have significantly reduced the prices of similar products in the domestic industry, in 2018, 2019, 2020 and January September 2021, the prices of dumped imported phthalocyanine blue products were 2577.86 yuan/ton, 4669.78 yuan/ton, 6395.97 yuan/ton and 6562.38 yuan/ton lower than those of similar products in the domestic industry respectively; In 2019, 2020 and January September 2021, the prices of the dumped imported products of phthalocyanine green were 2781.45 yuan/ton, 1724.43 yuan/ton and 2296.34 yuan/ton lower than those of similar domestic products, respectively. During the damage investigation period, although the domestic demand maintained a strong growth, the pre tax profit margin and cash flow of similar products in the domestic industry fluctuated significantly and the operation was unstable; The rate of return on investment is generally in a downward trend and at a low level. Taking into account the above facts and evidence, the investigating authority preliminarily determined that during the injury investigation period, dumped imports caused material injury to the domestic industry, and there was a causal relationship between dumped imports and the material injury suffered by the domestic industry.

1. **Analysis of other known factors.**

The investigating authority examined other known factors other than dumped imports that may cause substantial harm to domestic industries. After preliminary examination, there is no evidence to show that the impact of imported products from other countries (regions), the restrictions on trade between foreign and domestic producers and their competition, changes in consumption patterns, technological development, the export situation of similar products in domestic industries, force majeure and other factors have affected the domestic phthalocyanine pigment industry

There is a causal relationship between qualitative damages. According to the comments of the respondent enterprises, the production of phthalocyanine pigments is a highly polluting industry. China's constant upgrading of environmental protection standards, increased environmental supervision and administrative penalties have restricted the development of domestic industries. The domestic industry responded that phthalocyanine pigments do not belong to the so-called "high pollution industry", and the proportion of environmental protection expenses of the domestic industry in the total sales revenue of similar products is basically stable, without significant growth. In this regard, the investigating authority found through investigation that during the damage investigation period, the proportion of environmental protection expenses of domestic industries in the total sales revenue of similar products was basically stable, and remained between 5% and 11%, with no significant increase. The environmental protection expenses did not have a real impact on the profitability of the enterprise. Therefore, the investigating authority preliminarily determined that environmental protection factors could not negate the causal relationship between dumped imports and substantial damage to domestic industries.

The respondent's comments also pointed out that China's domestic industry has low technology level, poor product performance and low quality stability, and is in the competition with the investigated imported products

At a disadvantage. In response to the domestic industry, the domestic phthalocyanine pigment industry has introduced advanced process technology and independent innovation technology from abroad, such as BASF, Germany. The production plant of Germany and other countries is used. The technical level, product performance, quality and stability of the domestic phthalocyanine pigment industry will never be inferior to those of India. India's products rely on the low price advantage rather than the quality advantage when competing with similar domestic products. In this regard, the investigating authority found through investigation that the phthalocyanine pigments produced domestically are basically the same as the dumped imported products in terms of physical and chemical properties, raw materials and production processes, product uses, etc., with similarities and substitutability. There is no evidence to prove that similar products in domestic industries lag behind dumped imports in terms of technology and quality. Therefore, the investigating authority preliminarily determined that the factor of technological difference could not negate the causal relationship between dumped imports and substantial damage to domestic industries.

1. **Other comments from interested parties.**

The respondent enterprises claimed that the downstream requirements for the quality, performance and process of phthalocyanine pigment products continued to improve. However, at this stage, domestic production enterprises are backward in technology and lack of innovation ability, and their products are difficult to meet the needs of domestic downstream customers for high-quality products. Imposing anti-dumping duties on imported products is not conducive to promoting the domestic industry to achieve technological upgrading as soon as possible. Affected by domestic environmental protection and other factors, domestic industrial production is not stable, and it is difficult to meet downstream needs in quantity. Imposing anti-dumping duties on Indian imports is likely to cause damage to downstream domestic industries due to rising costs, or endanger the coordinated and sustainable development of upstream and downstream domestic industries. The domestic industry responded that China's domestic phthalocyanine pigments are superior to India's products in terms of product quality and stability, and can completely replace India's products. The impact of a large number of low-cost products in India has led to chaos in the domestic market. If it is not contained, it will affect the enthusiasm of domestic industrial innovation investment. At present, the annual production capacity of domestic phthalocyanine pigments is about 90000 tons, and the annual demand is about 80000 tons. If the impact of dumped products on imports can be alleviated, domestic enterprises can produce normally, and there will be no shortage of supply. The proportion of phthalocyanine pigments in the cost of downstream products is not high, and the impact of anti-dumping measures on the cost of downstream industries is very limited. The investigating authority reviewed the claims and evidentiary materials of various interested parties and preliminarily determined that anti-dumping was not intended to restrict the import of the investigated products, but to eliminate the damage caused by dumping to domestic industries and maintain the fair competition order. The preliminary investigation results show that the phthalocyanine pigments produced in China and the products under investigation belong to the same kind of products, and they can be substituted for each other. There is no significant difference in quality, and they can meet the needs of downstream customers. The imposition of anti-dumping duties may have a certain impact on domestic downstream enterprises, but the claim of the respondent enterprises that anti-dumping measures will endanger the survival of downstream enterprises lacks evidence support. Anti dumping measures are conducive to maintaining a fair trade environment, stabilizing the domestic market order, and helping to return the price of dumped imports

Normal, which is conducive to the coordinated development of upstream and downstream in the long run.

1. **Preliminary investigation conclusion**

According to the above investigation results, the investigating authority preliminarily ruled that the imported phthalocyanine pigments originating in India were subject to dumping, and the domestic phthalocyanine pigment industry suffered material damage, and there was a causal relationship between dumping and material damage.

**Annex 1: Margin ratio list of each company**

|  |  |
| --- | --- |
| **Corporate name** | **Margin ratio** |
| 1. **Sampled company** | |
| 万民利有机物有限公司  (Meghmani Organics Limited) | 19.1% |
| 拉姆德夫化学工业  (Ramdev Chemical Industries) | 16.0% |
| 丹文颜料私人有限公司  (Dhanveen Pigments Pvt. Ltd.) | 14.1% |
| 1. **Other companies cooperating with the investigation** | |
| 霍巴赫色彩私人有限公司  (HEUBACH COLOUR PRIVATE LIMITED) | 17.2% |
| 朝日松原颜料有限公司  (Asahi Songwon Colors Limited) | 17.2% |
| 乔克思颜色私人有限公司  (Choksi Colours Pvt Ltd) | 17.2% |
| 乔克思出口  (Choksi Exports) | 17.2% |
| 乔克思有机私人有限公司  (Choksi Organics Pvt Ltd) | 17.2% |
| 罗纳工业有限公司  (Lona Industries Limited) | 17.2% |
| 马自达颜料有限公司  (Mazda Colours Ltd) | 17.2% |
| 纳拉扬有机物私人有限公司  (Narayan Organics Pvt Ltd) | 17.2% |
| 纳伍帕德颜料有限公司  (Navpad Pigments Pvt Ltd) | 17.2% |
| 法塔罗颜料和化学品(印度)有限公司  (Phthalo Colours & Chemicals (India) Limited) | 17.2% |
| 河滨工业有限公司  (Riverside Industries Ltd) | 17.2% |
| 苏巴斯颜料私人有限公司  (Subhasri pigments Pvt Ltd) | 17.2% |
| 苏打山化工有限公司  (Sudarshan Chemical Industries Limited) | 17.2% |
| 联合利克斯颜色和化学品有限公司  (Unilex Colours and Chemicals Ltd) | 17.2% |
| 阿克沙尔化学(印度)有限公司  (AksharChem (India) Limited) | 17.2% |
| 凯撒石油产品有限公司  (Kesar Petroproducts Limited) | 17.2% |
| 1. **All Others** | 81.2% |

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**Annex 2: Data Sheet of Anti dumping Case of Phthalocyanine Pigments**

project

2017

2018

2019

2020

Jan-Sep 2020

Jan-Sep 2021

China's total output

(ton)

58,400

58,200

54,000

59,700

41,500

47,000

Rate of change

-0.34%

-7.22%

10.56%

13.25%

Demand (ton)

54,700

58,500

66,600

76,600

53,900

60,600

Rate of change

6.95%

13.85%

15.02%

12.43%

Import volume

of investigated

products (ton)

3,821

6,462

15,377

16,871

11,471

17,587

Rate of change

69.12%

137.96%

9.71%

53.32%

Market share

of investigated

products

6.99%

11.05%

23.09%

22.02%

21.28%

29.02%

Change range

(percentage point)

4.06

12.04

-1.06

7.74

Weighted average

CIF import

price of

investigated

products (yuan/ton)

41,527

38,660

38,314

35,953

36,366

38,402

Rate of change

-6.90%

-0.89%

-6.16%

5.60%

Output (ton)

32,225

30,794

33,600

37,334

26,545

28,809

Rate of change

-4.44%

9.11%

11.11%

8.53%

Output (ton)

34,421

33,776

40,701

44,333

33,177

40,998

Rate of change

-1.87%

20.50%

8.92%

23.57%

Operation rate

93.62%

91.17%

82.55%

84.21%

80.01%

70.27%

Change range

(percentage point)

-2.45

-8.62

1.66

-9.74

Domestic sales

volume (ton)

28,804

29,882

32,434

36,822

26,201

27,431

Rate of change

3.74%

8.54%

13.53%

4.69%

market share

52.66%

51.08%

48.70%

48.07%

48.62%

45.27%

Change range

(percentage point)

-1.58

-2.38

-0.63

-3.34

Domestic sales

revenue (yuan)

1,100,431,798

1,168,588,610

1,324,626,014

1,491,872,389

1,058,376,077

1,174,907,697

Rate of change

6.19%

13.35%

12.63%

11.01%

Ending inventory(ton)

3,314

2,491

2,393

1,581

1,652

2,075

Rate of change

-24.83%

-3.91%

-33.93%

25.59%

Weighted average

domestic price

(yuan/ton)

38,204

39,107

40,840

40,516

40,395

42,832

Rate of change

2.36%

4.43%

-0.79%

6.03%

54

Profit before tax (yuan) 48,823,014

903,197

48,233,386

143,523,069

90,157,365

40,861,052

Rate of change

-98.15%

5240.29%

197.56%

-54.68%

Return on

investment

3.59%

0.06%

2.78%

7.59%

4.83%

1.86%

Change range

(percentage point)

-3.53

2.72

4.81

-2.97

Net cash flow (yuan)

-20,793,223

-3,420,021

8,882,171

147,061,980

81,195,135

-89,746,744

Rate of change

1555.70%

Number of

employees

1,420

1,468

1,494

1,450

1,473

1,470

Rate of change

3.43%

1.71%

-2.90%

-0.21%

Per capita salary

(yuan/year/person)

69,113

70,394

70,596

74,814

53,564

64,921

Rate of change

1.85%

0.29%

5.97%

21.20%

Labor productivity

(ton/year/person)

23

21

22

26

18

20

Rate of change

-7.61%

7.27%

14.43%

8.76%