

Remarks on Technical Note SEI 27679/2022/ME of June 22nd, 2022

Technical Note SEI 27679/2022/ME presents the essential facts that are under analysis and that form the basis for the Undersecretary of Commercial Defense and Public Interest (SDCOM) to establish a final determination within the scope of the investigation of the practice of dumping in exports to Brazil of textured synthetic filament yarn of polyesters (except sewing thread), not put up for retail sale, including synthetic monofilaments with a titer of less than 67 decitex, commonly classified in NCM (Mercosur Common Nomenclature) subitems 5402.33.10, 5402.33.20 and 5402.33.90 originating from China and India.

The main objective of aforementioned note is to present the findings of the investigation process that aims at determining if antidumping tariffs should be levied against polyester yarn (technical specifications described in the first paragraph) of Indian and Chinese origin.

In order to determine if the commercial dumping was done by the Indian and Chinese exporters, SDCOM (Sub Secretariat of Commercial Defense and Public Interest of the Brazilian Ministry of Economy) has devised a way to determine, through investigations and the questionnaires sent by the Indian and Chinese companies, if the prices charged in the export market (Brazil) are below those practiced in their respective local markets (India and China). After that, they assess the possible damage that Brazilian companies might have suffered due to unfair competition practices (dumping) and the extent of the damage (if any).

SDCOM technicians calculated through eight different parameters (costs of raw materials, direct labor, energy, production, operation and miscellaneous) and profit, what is the “Constructed Normal Value (VNC)” of the product compared to the actual price that the product was being sold for in the Brazilian market.

They concluded that the VNC of the Indian product is of USD **1955.63** (per ton – FOB) compared to the actual export price of USD **1397.06** (per ton – FOB). Therefore, **it was concluded that Indian companies were exporting with dumping margin of 40%.**

In investigating the impact of the alleged dumping practices to the Brazilian market, it was concluded that the average prices of Polyester yarn from India and China were considerably below those of other importers. It was also noted that in the period that was investigated, Imports of Polyester yarn from India and China **grew 110.4%** while the domestic producers had grown by **33.2%** while the local market had grown **79.9%**. It was therefore concluded that during that period, Indian and Chinese market share grew **10.9%** while local industries lost **3.9%** of market share.

Now, Indian companies have until the **12th of July, 2022** to manifest any discordance concerning aforesaid technical note, after which a final decision will be taken by SDCOM.